

The departmental budget review reconvened on April 14, 2014 at 9:20 a.m., and proceeded as follows:

Prosecuting Attorney

Honorable Mason K. Chock, Sr. (*present at 10:45 a.m.*)
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum
Honorable Gary L. Hooser

Chair Furfaro: Okay, it is now 9:20 a.m., my apologies for the late start. We have called back from recess our budget meeting and we are up for today's agenda which is April 14, 2014 starting with the Prosecuting Attorney's Office, the Department of Transportation, the Auditor in the afternoon, and the Agency on Elderly Affairs. Is there anybody in the audience that wishes to give testimony on any of these agenda items today.

LORI L. MARUGAME, Council Services Assistant: We have two (2) registered speakers.

Chair Furfaro: Is it Glenn Mickens and Ken Taylor?

Ms. Marugame: Yes.

Chair Furfaro: Okay. Glenn, we will call you first.

GLENN MICKENS: For the record, Glenn Mickens. I apologize to the public that are here for the other audits and have to sit through our particular testimony which comes up at 1:30 p.m. but I know that are the rules, okay?

Chair Furfaro: No, here are the rules, Glenn. The rules are I should have taken testimony from the public on everything on the first day. This exception that I give every day because these meetings are called, that is an exception myself as Chair is making every day.

Mr. Mickens: That exception you made I really applaud it. I writing to Office of Information Practices (OIP) to ask about his because common sense would say if you want to testify about a certain subject, like these people are all here today for these other two (2) audits, for the budget hearing on them. They do not want to particularly, I do not particularly think they want to listen to this particular thing but...and again if we had to testify and you modified the rules like a week ago, whenever this audit hearing started, budget hearing started by the time it got to the particular thing people forget completely what you are talking about.

Chair Furfaro: So this is the best we can do on the day, for the day and the other departments will just...I am sure they like to hear public testimony so would you start his time right now? You have the floor.
There being no objections, the rules were suspended to take public testimony.

Mr. Mickens: Okay, thank you, Jay. By design, by luck or by wisdom the members of our Council unanimously hired Ernie Pasion as our first County Auditor by an amendment to our Charter mandated by the vote of the people. His qualifications for this important position were highly scrutinized and found to be impeccable. One of the finalist, was even a Certified Public Accountant (CPA) who worked for the Federal Government Oversight Agency, the Securities and Exchange Commission. In four (4) years he did seven (7) outstanding audits. All but one of them was agreed to by the heads of their departments. They understood that better and more efficient methods of operations and accountability were going to be utilized making it a win, win proposition for everyone. The only audit that created any controversy was the gasoline usage audit. And remember that Ernie did all his audits by his yellow book and showed no partiality or prejudice towards any of them. Regrettably for the Mayor but gratefully for Kaua'i citizens illegal use of County gas was uncovered and the impropriety was pointed out at the Mayor. This illegality is now ongoing and I do not know how it will play out but hopefully justice will be done and the tax payers will not end up with the short end of the stick again. Obviously, vengeance then took over and today we have a honest, dedicated man fighting for his job, his piece of mind and his financial well being. No matter how you want to structure what was then with his budget and I have talked to Steve about this, it was cut by thirty-two percent (32%) which can be compared to all other budgets which were cut by a fraction of that. Some where even increased as the numbers will indicate. The two (2) major cuts were the dollar funding of an auditor's position by the Mayor and an additional cut of forty thousand dollars (\$40,000) by this Council. Total general fund budget only had a three percent (3%) decrease as opposed to his thirty-two percent (32%). I implore this body to fully fund whatever budget our Auditor deems necessary to continue the outstanding work he has done for four (4) years. Mr. Pasion is the type of person that this County cannot afford to lose for the welfare of the people as an example of what others who choose to work for the County must have as an example and what must be done. So, anyway as you can see I am a strong, strong proponent of Mr. Pasion and the job he has done since he has been in office. Thank you, Jay.

Chair Furfaro:

Thank you. Ken.

KEN TAYLOR: Chair, Members of the Council, my name is Ken Taylor. I am here today to speak about the auditor's budget. As you know the last six (6) months or so on a number of times I raised concerns about why you cut the auditor's budget last year by thirty-two percent (32%). I have heard arguments, well we did not do it, we did this, we did that, he did not spend the money and so on but if he did not spend the money then he must have been doing a good job, right? What I am asking today is that you restore his budget to what it was prior to last year's cuts regardless of how the cuts were address but the voters voted a few years ago to establish the Office of Auditor, County Auditor and I think under those circumstances you have an obligation to the people of this island to fund that office as they saw fit to vote to establish it. I was very disappointed with not only the Mayor last year but yourselves in cutting...both of you taking cuts of the budget and I just think that it is unfortunate that things have come down the way they have and it is pretty obvious what has been going on and I am really sad to see this kind of activity from you folks especially as you sit here and many times reminded me that you are in charge of the purse strings and yet to date of the seven (7) audits only two (2) of them have been put on the agenda for any kind of discussion and at that time there was not even much discussion and the whole purpose of the audits is to not only look at the finances of different departments as they function in the process but also how the different departments function as a team and the recommendations from the audits certainly if they were all

implemented would benefit the community in general because it would certainly make things more efficient and save money.

Ms. Marugame: Three (3) minutes.

Mr. Taylor: So I am hoping that you will see fit to restore the budget to where it was prior to last year and remember that none of the departments come anywhere near the kind of cut that the auditor's office took in last year budget discussion. Thank you.

Chair Furfaro: Thank you, Ken. Anyone else want to testify this morning? Joe.

JOE ROSA: Good morning Members of the Council. For the record Joe Rosa. Again, another department that is doing something that needs to be completed that has been going on now for a couple of years I think is something ridiculous. Why cut something that is supposed to do and look into the government operations of this County? Mr. Pasion started something but he rocked a few boats in the process of doing his audits. Then all of a sudden staff got cut, funding got cut. Why? You know they all say if you cannot stand the heat in the kitchen you get out. Well if you cannot do the work you resign. It is time the public be aware of what is going on in this government and the audits have found a lot of irregularities that are going on and some of them have not been corrected. Why cut something that is doing a good job in underlining things that have not been done right? You do not correct a right. You correct a wrong. That was the way that I was taught and learned. So, why the funding of that office has not been restored? It was cut the last session and you still want to cut more and the staff, why are they getting so many raises. Public information officer, another added to the staff. All that kind of stuff, why, what is the table of organization in this County? From what I know there are three (3) public information officers, why do you need three (3)? It is high time that this County tighten the belt. It is ridiculous. If I was running this County I would ask every department to give me a table of organization of this staff and we will go on from there. The auditor's office got cut and it still has not been restored. He is hand tied. So I would like to see that the funding goes to the appropriate departments that were hired and the officers were created to do a work and that was to audit the books of the various departments in this County.

Ms. Marugame: Three (3) minutes.

Mr. Rosa: And in the process...

Chair Furfaro: Thank you.

Mr. Rosa: ...he has been rocking the boat so I would think that money should be put into the department and have the thing completed. I thank you.

Chair Furfaro: Thank you, Joe. Okay the period for public testimony is over. We will start today with our agenda that will allow the Prosecutor's Office to come up and make his presentation. The rules continue to be suspended and you have the floor, sir.

JUSTIN KOLLAR, Prosecuting Attorney: Good morning, Council Chair, Members of the Council. Do we have the PowerPoint? Just at the onset I want to thank all

of you for your comments and the discussions that I have had with you over the past year as we move towards today, getting to where we are now. It has been very productive having those discussions and I really appreciate all of your support, the support that you have shown for the office and for the law enforcement community here on the island. I also want to thank and acknowledge the Administration, the Mayor of course, Nadine, Ernie and Steve and even Ken back there for everybody helping remind us when we get off track and helping to keep us moving forward. We really appreciate all of that support as well. Here with me today as resource individuals, if anything comes up, Administrative Officer for the department, Art Williams. Victim Witness Director, Diana Gausepohl-White. Fiscal Officer, Jamie Chong and Second Deputy Prosecuting Attorney, Rebecca Vogt. First I will start off just quickly going through our mission statement. It is the same as it was last year but it helps keep us on track when we think about what our mission is when we come to the office each and every day. It is our mission to promote the fair, impartial and expeditious pursuit of justice in every case, to ensure safer communities, and to promote integrity in our profession. It is our mission to temper justice with compassion, and to do our work in an open, transparent, and accountable way. We have got that on our wall right in our front lobby as well as in my office so we remember what is the point to our work. What do we do every day? We are very fortunate being prosecutors because we are the only kind of attorneys, we are the only attorneys out there when we get up in the morning, our job is just to do the right thing. We are not beholden to clients, we are not beholden to anything extraneous from doing the right thing, from seeking justice so it is a relief for us. We will talk a little bit about our structure. We are still Kaua'i's largest law firm. Broken up into three (3) separate units on the litigation side, being Circuit Court, District and Family Court Unit, and the Appeals and Administrative Services Unit. We basically, the way we look at it is we apply business principles and best management habits. We try to continually improve and make sure that we are running the department in the most efficient way that we can making best use of the limited resources that we have and always looking outside for grant funding and resources outside the department that can help supplement the limited County resources. So we do have fourteen (14) attorneys in the office right now. We have fourteen (14) clerical and support staff made up of law office assistants, supervising legal clerks, and legal clerks. We have four (4) employees that make our victim witness program currently. Five (5) employees on the administrative support side although everybody kind of pitches in on different areas when they are needed too. Then four (4) employees on the investigative support side. I will go through a little bit more what each of those breakdowns look like.

So the Circuit Court Litigation Unit, that is courtrooms 4 and 6 over at the courthouse, Judge Kathleen Watanabe and Chief Judge Randal Valenciano, all of our cases in front of those two judges. The supervisor for that unit, below me would be First Deputy Prosecuting Attorney, Kevin Takata. Kevin could not be here today, he has a Passover tradition he does every year so that is where he is today but he supervises Deputy Prosecutors Lisa Arin, Melinda Mendes, Shauna Cahill, Tim Tobin, Teresa Tumbaga, and Ginger Grinpas. I think all of them were here last year and you had the opportunity to meet all of them. Unfortunately, Mr. Tobin is departing in a month or two for greener pastures on the mainland, that is family stuff he has going but we are pleased that we were able to fill in that gap. You folks know Jennifer Winn, she is going to be coming back to work in our office. She was in the Office of the Prosecuting Attorney (OPA) from 2000 - 2007 and served as First Deputy on two different occasions so while we are very sad to lose Tim we are very happy to pick up Jennifer and I do want to acknowledge Tim's service over the past year and a half. He has going to be an outstanding asset to law enforcement wherever he goes. The Circuit Court Unit deals with primarily with felony cases including crimes against persons, drug cases, property cases, as well as the career

criminal unit. There career criminal unit is essentially for offenders who have repeat patterns of their conduct. It is people who are either already on probation for other felonies, people who are on parole, people who have an extensive record or persistent offenders in the community. These cases require special attention. There are mandatory minimum sentences that apply on those cases and it really behooves us to make sure we have somebody that is really on top of that handling those cases. Melinda Mendez does the career criminal cases, Becky Vogt and Ginger Grinpas do property cases, Tim Tobin and soon to be Jennifer do the drug and firearm cases, and then crimes against persons is kind of everybody else. The typical work in Circuit Court Litigation Unit includes motion hearings and trials. Also, misdemeanor jury demands, misdemeanor cases, the defendant can elect to either have a trial in front of a judge or in front of a jury. When they elect to have a trial in front of a jury those cases goes upstairs to Circuit Court. Circuit Court attorneys also handle grand jury proceedings which are to initiate charges in felony cases and also in charge of felony screening and charging. Meaning from the time the Police Department or the other investigating agency is working on the case a lot of times they will come and confer with us even before an arrest is made as to how best to proceed in the investigation. So they confer with our attorneys and the attorneys then work with the reports that they receive and determine the appropriate charges and the appropriate means of instituting those charges.

From there we have the District and Family Court Unit. Those are the two (2) courtrooms downstairs in front of the Honorable Deputy Chief Judge Trudy Senda and Family Court Judge Edmund Acoba. Supervisor in this unit is Becky Vogt and she supervises Deputy Prosecutors Sinclair Salas-Ferguson, George White, Gary Nelson, and John Murphy. What this unit is responsible for is District Court traffic cases, which is an always growing and expanding docket that we will talk about a little bit later on. District Court criminal which could be leash law cases, dangerous dog, petty assault cases, things of that nature. Also, adult family court which includes all of our domestic violence prosecutions, which is a several hundred per year, arrest are made by Kaua'i Police Department (KPD) and the cases come to our unit. Gary Nelson handles those cases. He has been doing an admirable job for several years now and very passionate about those cases. Juvenile family court is another component of this unit and juvenile family court right now DPA John Murphy is in charge of those cases as well as a couple of other specialty areas. Misdemeanor screening, which is thousand of cases per year that come up from the Police Department all need to be gone through, determined if follow-up is necessary and then of course working with the courts to get the complaints filed.

Then there is the Appeals and Administrative unit which is very small and very, kind of specialized work. Again, falling under Kevin's supervision and that is Deputy Prosecutor Tracy Murakami who handles just about all of the appeals for our office and has been doing so for many years and then DPA Murphy who also assists with the asset forfeiture petitions. Asset forfeitures are important to our office because they are a source of funds for training and specialized equipment that comes outside the County budget. That is an administrative practice area that we do in front of the Attorney General's (AG) Office. When the police seize property for forfeiture if falls to our office to then file a petition with the AG's office, follow through, litigate that to a successful conclusion and then of course if there are any appeals of those rulings up to the Circuit Court we have to handle those procedures as well. Would also include Rule 40 petitions, which are petitions for post conviction relief essentially under civil procedure and that can be from federal prisoners, state prisoners any...ten (10), fifteen (15) years after a conviction folks still can file these Rule 40 petitions. So we do deal with a certain volume of those cases as well. Legislative testimony and research, that is something that Program Assistant, Ihilani Kali

assists us with. Providing case law updates to the Kaua'i Police Department. As most of you probably know our Hawai'i Supreme Court is not the most prosecution friendly supreme court in the country and they are constantly coming out with new decisions or new rules that we have to then adjust our practices and adjust police practices with so when those cases come down we will draft up a memorandum with our suggested guidance for the police and forward that on to them as well as assist in any necessary training that needs to be done to make sure that they are following the dictates of the Supreme Court and also that we are as well. It is an ongoing process of training with the legal stuff. Also, Ihi is the program liaison, the program assistant dealing with all of the external and diversionary programs including teen court, drug court, the HOPE probation program, and the youth level of service inventory program, which that is a little bit of a new program that Hale 'Opio has been working on for a while now and basically that is intended to address situations where you might have somebody who it is not their first offense, not really suitable for teen court but still somebody that might be worth working with outside the criminal justice system in terms of hitting them with different sort of services to hopefully get them back out of the criminal path. So that is something we are excited to be partnering with Lavern and her staff on.

I also want to take just a second and go through some of the boards and task forces that our attorneys and that our office participates in. These are things that help us maintain our professional relationships with prosecutors and attorneys both within Kaua'i and across the State of Hawai'i because the legal world is really a small world and it is a cohesive world. It is a world we need to be a part of if we are going to be successful, if we are going to be successful at recruiting and retaining talented attorneys, if we are going to be successful at getting the legislation we want passed, if we are going to be successful at calling on the other prosecutors throughout the state to assist us with their knowledge at appropriate times. Just to give you a little perspective as to what we do and I will not spend a lot of time on all of these but there is the Violence Against Women Act Working Group, we get a lot of funding under the Federal Violence Against Women Act and the Stop Violence Against Women Act. The Governor's Committee on Crime, The Mayor's Crime Task Force, The Kaua'i Juvenile Crime Enforcement Committee, The Hawai'i Highway Safety Council, Hawai'i Integrated Justice Information System (HIJIS) Executive Committee, The Mock Trial Directors, Mentors, Coaches and Judges, and I cannot tell you how proud I am of my staff that participates in the Mock Trial program with the high school students from our different high schools here both as directors, coaches and judges assisting some of those amazingly bright kids that we have here on Kaua'i who are going to make the next generation of prosecutors. The Hawai'i Coalition Against Human Trafficking, the Impaired Driving Task Force, the Board of Bar Examiners, the Young Lawyers Division Board, the Kaua'i Domestic Violence Task Force, the Drug Enforcement Committee, the Hawai'i Sexual Assault Response Team, the Kaua'i Sexual Assault Response Team, the Kaua'i Children's Justice Committee, the Governance Committee for Statewide Automated Victim Information and Notification (SAVIN), and the Justice Reinvestment Initiative Workgroups. A few of the really important ones that we participate in the Committee on Pattern Jury Instructions – Criminal/Committee on Penal Rules, this is something that Kevin Takata has been involved with for more than twenty (20) years. This year we were able to successfully, as a result of participating here initiate a change in the penal rules that allows declarations to be used for judicial determinations of probable cause. What this means is that police do not have to go and try to hunt down a notary republic at 3:00 a.m. when they are trying to get their paperwork done. They can simply sign off and affirm that those are the facts that are in their knowledge. The Committee on Professionalism, which elevates the level of legal practice and ethics and is responsible for instituting the requirement that all attorneys receive mandatory continuing

legal education. The Hawai'i Coalition Against Human Trafficking, which focuses on educating others and gathering data on the extent of the problem. Two (2) different major components of human trafficking that happen in Hawai'i at the present time; number 1 is sex trafficking. We are all aware that happens, primarily that is on Oahu but there is also a second category which is trafficking of agricultural labor which is something that certainly does happen on Kaua'i and on all of the neighbor islands as well. There is also the Interagency Advisory Committee, which is comprised of police, prosecutors, victim witness advocates and social service providers. Which addresses challenges in handling of child sex assaults and physical abuse on Kaua'i as well as the Conference of Western Attorney Generals and again our First Deputy Kevin, he is an instructor with them and every year he goes to Mexico and teaches their prosecutor how to prosecute murder cases. If you can imagine how difficult it is to prosecute a murder case in Hawai'i or in the United States magnify that by several orders of magnitude and you will understand what it is like to be a homicide prosecutor in Mexico in terms of low pay and a very dangerous work atmosphere. We are very proud that we participate in these organizations.

I will review very briefly fiscal year 2014 goals and objectives. Let you know what we have accomplished, let you know what we still need to work on. In terms of case management and workflow we talked a lot about that last year. Accomplished, we did successfully implement the JustWare Case Management System (CMS) and transitioned away from the legacy program which was known as HOKU. We have successfully by implementing this system been able to reduce a lot of duplicative and redundant data entry by our support staff and we have transitioned to a policy by which we provide discovery to the defense bar electronically instead of via hard copy, that saves paper, saves toner, saves people running back and forth trying to track things down. It is right there in the JustWare, I will show you that in a minute or two and you can see how simple it is for us to do that. A couple of our goals and objectives from last year that are still in progress, primarily is our attempts to interface with the new KPD Records Management System (RMS) which will really help us streamline our workflow. I am sure you folks are aware that they have been transitioning to a new records management system. Still some bugs being worked out of it and we look forward to when those bugs are worked out of it, having the ability to get reports and cases from them electronically. Right now we still, unfortunately are dealing with the situation where we get cases hard copy from the Police Department. In most cases, not in all but we do look forward to transitioning to an environment where we get everything electronically. Again it is just much simpler, much less stress on the clerks and it just saves money on paper and energy and toner. Our mobile solutions, including tying our case management system into the tablet devices for the attorneys so that productivity can continue regardless of what their location is. There has been a little bit of beta testing in that area but it looks like Just Ware is not quite there in terms of rolling it out onto an apple product. There may be some android related products we can look at for the next generation of devices that we use that would help us give the attorneys better access to all the case information when they are at remote locations but that is something that is moving forward and we are happy that we have made progress on it.

This is what our JustWare system looks like, our case management system. Just to give you a little portrait of what the attorneys are looking at, what the support staff are looking at, what the managers are looking at. Basically that is a view of our calendar, right there. When we have a case in the system, come back from court, files go back to the clerks, they can actually enter in what the next dates are for the cases, the attorneys can know at a glance what they have got coming up on a particular day or a particular week, days or months into the future. Click on...open each one of those items, see exactly what the task

is, see exactly what motions are being heard, see exactly what they need to know. It is a tremendous benefit for them to have this information at their finger tips. Drilling down in terms of management tools in the case management system, what it does is it help me and the other supervisors, including the legal clerk supervisors and our Deputy Prosecutor supervisors know exactly what the work load is on all of the attorneys and victim witness staff at any given time. This is just one (1) of the many reports that we can generate. Anytime I want to know how the Deputies caseloads stacking up, we can dial in there and see exactly who has what. Then we can go down and click on each one of those names and get more specific information in terms of the cases, their statuses, their charges, and where they are at. I think I explained when we were here last year that the different kinds of cases require different amounts of work. There is a difference between caseload and workload. Where somebody at the top there like George has four hundred (400) cases assigned to him, those cases tend to be mostly misdemeanor jury demands and simpler cases. He is one of our newer attorneys. As you go down you might see somebody like Melinda there who had, on that particular day eighty-three (83) cases. Those cases by their very nature are much more labor intensive but what this does is it gives us an accurate picture of what the work is in the office and who has the work and where it is at. Drilling down farther we can click on each name and ascertain the status of all of the cases in terms of which cases are open, which cases are in different statuses as far as sentencing, is it something that is coming up for trial, is it something that is on a bench warrant status, if it on a bench warrant status that means we are waiting for the police to pick up the individual. It just gives us a lot of information to work with.

A recap very quickly the FY 2014 goals and objectives for our Victim Witness Program. First was to reorganize and strengthen the program by reestablishing the director position to oversee day to day operations. That is done. The Victim Witness Program since a lot of the money that goes into that program is grant funds there is a tremendous amount of work to be done as far as accounting for how we use those funds. It is a tremendous amount of statistical keeping, record keeping, and having a director in that position really facilitates that work. Second was to enhance and improve the program by increasing the number of victim witness counselors through a new Justice Reinvestment Initiative (JRI) grant which is State funds under Governor Abercrombie's Justice Reinvestment Program. That is done. Utilizing those funds we were able to add another victim witness counselor to the program increasing the number of advocates from two (2) to three (3) and having an advocate now that can focus especially on property crimes. I am sure Councilmembers are aware that there has been a lot of property crime in the community over the last several years and having a victim witness advocate to handle those cases really facilitates the attorneys in getting their work done. They are taken away from the cases was less and it helps it makes sure we have better communications with the community. As well as the ongoing Victims of Crime Act grant we were able to identify funds basically under the (inaudible) grant which should enable us to hire a fourth victim witness counselor which would restore us to 2008 levels in terms of the strength of that program. That position has been posted, it is in progress, and we are recruiting for that right now and looking forward to filling that and restoring the program to its full legacy and strength. Serve victims more effectively by providing outreach services. This one is an incomplete or an in progress. When we get that fourth counselor on board we anticipate that we will be able to begin providing more outreach services rather than just servicing the cases that we have active with the police or the criminal justice system. As well as through renewed partnerships with related County and State agencies as well as non-profit service providers that has been done. We have basically established strong relationships, strong lines of communication with folks, Young Women's Christian Association (YWCA), folks at Hale 'Opio, folks at the other State agencies, the Attorney General's Office. Agencies that

are essential for making sure we keep the funds coming to support this program and also providing the services that we cannot provide out in the community as well as restoring the relationships with neighbor island victim witness programs which have been done. We spend a lot of time talking with the coordinators on the other islands, Dennis Dunn in Honolulu, folks at the Crime Victims Compensation Commission, and working together we are really able to get things done.

On the legislative side I spent some time talking about that last year. We were able to strengthen our presence in the legislative arena by taking a more active role in working with lawmakers. That includes helping them understand the implications of the things that they do over there as well as suggesting things that they might be able to do for us to make our lives a little bit easier. Lobby for increased protection for victims of domestic violence. This is an emphasis area for the office and for me. Personally and as the Prosecuting Attorney was to increase prosecutions...increase protections rather for folks that have been victimized or who are survivors of domestic violence. Last year we were able to get a piece of legislation passed that is making a difference in that area. I will talk about that in a few minutes as well and as well as more legislation this year that we will talk about. Also to work closely with our partners in the Hawai'i Prosecuting Attorneys Association (HPAA) to support a coherent legislative agenda. We have been able to do that. We talked to the folks in Honolulu, Big Island, Maui at the AG's office, Lance Goto, Jon Karamatsu, Mitch Roth, Richard Minatoya, those folks on almost a daily basis. What is going on? What is still active? What is dead? What is moving? What is not moving? What do you need support on? What do we need support on? So this communication is strengthening law enforcement, strengthening partnerships. Still in progress we were not successful in getting a Constitutional Amendment establishing Crime Victim Rights in Hawai'i. We are one (1) of seventeen (17) states that do not have a Constitutional Amendment guaranteeing specific rights of crime victims and their immediate surviving family members. There are rights conferred on crime victims by statute here in Hawai'i but nothing that is in the Constitution like they have in many other states. What is in progress in now actually, as well as another Bill that originated here on Kaua'i which is House Bill 1993, which is on a Senate Draft 2 currently is now in the Conference Committee at the Legislature. What this statute will accomplish is to make it a felony to commit domestic abuse in the presence of a child under fourteen (14). We were very fortunate to have this legislation sponsored by all three (3) of our State Representatives on Kaua'i. So we want to thank them and acknowledge their support for victims and survivors of domestic abuse. When through three (3) committees on the House side, went through two (2) committees on the Senate side. Now we just have to get through the Conference Committee and then it is off to the Governor's desk for his signature. That is last year's Bill signing with Governor Abercrombie, Representative Kawakami, and House Judiciary Chairman Karl Rhoads. That was House Bill 587. What that Bill accomplished is to extend the protections of the domestic violence law in Hawai'i to include domestic relationships that were not previously covered by the family abuse statute. Before, the way the law was if you had never been married and you did not have kids together and you did not live together you were not going to be covered by domestic violence legislation, even if you had been in a dating relationship for twenty-five (25) years with the person. You could get a Temporary Restraining Order (TRO) against the person, you could get a Restraining Order (RO) but if there was violence or abuse in the relationship the enhanced penalties of the Domestic Violence (DV) law did not apply. So now we have been able to extend those protections to folks that just do not happen to have kids together maybe or never lived together. Also folks in same sex relationships are now able to enjoy the protections of our HRS 709-906 family abuse statutes. So that was a proud accomplishment for us.

FY 14 goals and objectives in terms of community oriented prosecution. We were able to accomplish the goal of continuing and strengthening community outreach and networking efforts by participating in community and neighborhood group meetings. Whenever we can we get out there in the community. We take the temperature of folks. See what their concerns are. See what is happening. A lot of times they are going to tell us things that we have not heard about before. They are going to tell us things that maybe law enforcement has not heard about before and they are going to know that we are out there listening to their concerns, and also responding to inquiries for services and information. We have a lot of constituents contacting the office. They have questions about is this legal? Is this not legal? What is happening with this? What is not happening with this? And whenever possible we get back to them in a timely fashion and answer their question. Sometime the answer might be we do not have anything to tell you but we at least get back to them and let them know that we are out there and we are responsive. We set a goal last year to attend forty (40) community meetings in 2013. I do not think we got quite to forty (40) but whenever possible we are out there in the community touching base.

FY 14 goals and objectives for the Property Crime Unit, we were able to accomplish some huge strides this past fiscal year. In terms of the time it takes to repeat offenders through the court system. Expanding the career criminal and property crime prosecution unit in terms of the funding from the department of the Attorney General and expand the number of attorneys handling property crimes from two (2) deputies to three (3) including a career criminal attorney, Ms. Mendes. As well as eliminating the screening backlog, we no longer have a backlog of property crime cases of the nature in which it has happened in the past and the way this happens is we have good communications with the detectives and investigative services on the Kaua'i Police Department side. Assistant Chief Asher and now Assistant Chief Quibilan have been extremely supportive in terms of making things easy for us to communicate with the detectives over there and be able to get follow-up done quickly and expeditiously, get cases to grand jury, get cases through info charging, whatever it might be, but to make sure that these cases are not sitting out there in limbo for months and months and months while the folks who commit these crimes are out there committing additional crimes. The folks who commit the properties in the community, as you know, I am not telling you anything you do not know, primarily motivated by drugs and when they do it they do not do it just once. They commit essentially sprees so early intervention in that process makes a difference. Get the cases from the police, get them charged immediately, get folks picked up and off the streets and initiate that intervention to protect the community.

For our Cold Case Unit, this is another thing we are very happy about and very proud of. In the past fiscal year we were able to review and prioritize all of the unsolved homicide cases going back to the late 1970s, approximately eighteen (18) of them and undertake a review of suspicious missing persons cases. As a result of this review and a result of these efforts we have actually expanded our review of cold cases from eighteen (18) cases to its current level where it is at twenty-four (24) cases. Also we were able to get a continuation of the cold case grant and make good use of those grant funds to engage in sophisticated forensic testing. Things that was not available when a lot of these cases happened. Twenty (20) years ago or thirty (30) years ago they just could not do the same kinds of things that they can do now. Some of these laboratories what they can accomplish, it is not quite like CSI, CSI is a television show and it is science fiction but we can do some pretty remarkable things with science these days.

Now our goals for the coming year in terms of case management and workflow, this is a major, major thing. We are going to keep pushing forward to interface with KPD's RMS to work on streamlining. That workflow and work towards the paperless as well as the continue working on the mobile solutions. The way this is going to happen primarily is going to be by working through the Hawai'i Criminal Justice Data Center (HCJDC) to streamline the information exchanges. Not just between agencies here on Kaua'i but agencies statewide. Even if we have a problem here in the County level with a particular system or particular information exchange the AG's office is really putting tremendous resources and has made a significant commitment to helping us achieve those exchanges on a statewide basis. So if somebody walks in to the police station on Kaua'i and wants to register a firearm we will be able to go into the system and find out if this person has firearms in another county without picking up the phone and having to call three (3) separate police departments in different islands. Little things like that are going to save so much time. Working right now on constructing several different information exchanges between our case management system and the State databases like the Criminal Justice Information System (CJIS), the Juvenile Justice Information System (JJIS), Judiciary Information Management System (JIMS), the Judiciary Electronic Filing System as well as the Sex Offender Registry and what this is so important for is to minimize the number of keystrokes that our clerks need to enter data. If you have ever worked in an office environment doing a repetitive data entry task you know that if you can make a function simpler that you do not have to enter the same piece of information into a system three (3) times you are going to be able to get two (2) or three (3) times as much work done in the office. So if we can have our case management system electronically generate complaints and electronically file them at the same time with the judiciary that is going to save us from having to print things out or walk to the courthouse or print things out then rescan them in and submit them via the judiciary's electronic filing portal. Very excited to have that initiative moving forward, our Administrative Officer, Art Williams is enmeshed in a daily basis on making that project happen. He is fortunate to have had some experience working at the Criminal Justice Data Center so again the relationships are there, the energy is there and more importantly the resources and the commitment to get it done are there. Completing the transition to paperless record archiving, with our case management system now everything that happens is scanned into the system and maintained in an electronic format. What that means is that we do not have to have rooms full of paper files sitting around, getting moldy and more importantly taking up workspace. Once they are archived in electronic format we are free to use our space in different ways and that is important because we are almost out of space. As well as continue the portable computing usage, including the tablets, laptops, while increasing work and communication efficiencies. Again the technology is pretty amazing. We have go programs now that enable us to do a PowerPoint presentation straight off of our Ipads. You can see right here a program called Keynote, it is an app, you can put your presentation right on there and draw on it. You can move the slides so you do not need to have a bulky laptop with you in court necessarily. You can work straight off of this. Or if you are out on the community doing a presentation you can work straight off of this rather than having to lug a laptop around and power cords, all of those different things and more importantly an app that might cost fifteen dollars (\$15) can help us replace a suite of software that might cost eight hundred dollars (\$800). That makes a difference when we are trying to roll something out to fourteen (14) different attorneys or to forty-two (42) different employees inside an office.

This year's legislative initiatives we talked a little about this already. House Bill No. 1993, they just appointed the Senate conferees today. Continuing to support the Constitutional Amendment establishing the Crime Victims Rights. That was Senate Bill No. 509, companion Bill No. HB 1085 this year. It does not look like it is going to happen this year but we will maintain support of that in the future as well as working closely again

with our HPAA and Law Enforcement Coalition (LEC) partners to support a coherent legislative agenda. HPAA, again is the Hawai'i Prosecuting Attorneys Association, that is myself, Keith Kanashiro, Mitch Roth on the Big Island, J.D. Kim from Maui, Chris Young from the AG's office, a small organization. Law Enforcement Coalition is a larger coalition made up of police and prosecutors so that would include all of the police agencies, the law enforcement criminal justice investigative agencies in Hawai'i.

We will talk about a little bit of nuts and bolts inside the office. What we are doing with our workspace. For those of you who have been over and have seen the inside of the office it is cramped and we are running out of space so what we have to do is economize, maximize and be efficient. This year, the photo on the right is a little dark but basically what that shows is new modular type furniture we were able to purchase and install in our administrator's offices. Art and Jamie have been sharing an office for quite some time and by upgrading their furniture we were able make it almost like they had each got their own office. They have enough space to store their items, it is ergonomically arranged, the way it needs to be, and we are basically able to build out and maximize the work envelope. On the left hand side you see our new victim witness office there with two (2) cubicles for counselors and advocates as well as a table with some chairs there. It may seem like a small thing but now we have a place inside our office other than the conference room where we can bring victims and witnesses in, sit down, close a door, and have a conversation in private. Before this happened that was not an option.

Cold Case Unit goal and objectives for fiscal 2015. To execute a contract with a deoxyribonucleic acid (DNA) and forensic laboratory. That is nearly completed already. We have been through the procurement process. We have made a selection, moving forward with executing the contract right now. What this will help us do is make sure we encumber and spend down the old funds in the grant before we get ahead and use the now funds and the continuation of the grant. And to make an effective use of social media and web initiatives to gather tips and leads and keep cases in the public's eye. That is important. We will spend a little more time talking about that in a few minutes.

Successes and achievements, I am always happy to have the opportunity to come up and brag about my wonderful staff. I could not be happier to work with a team of people like I have right now. We have managed to reduce the turnover in the office. This photo you see right now, happy, smiling faces there, that is when our Congresswomen Tulsi Gabbard came to visit us at the OPA. I like pictures where people are smiling because it means that they are happy. We have been able to reduce turnover and retain staff by just making sure that we have ongoing training and educational opportunities for the Deputies, for the managers and for the administrators and to keep them engaged in ongoing developments in there subject matter areas and what that means is if we have a prosecutor that prosecutes vehicular homicide cases, have them participate in the larger, statewide community of vehicular homicide prosecutors. Keep them up to date on the latest techniques and practices in that subject matter area so that they can be effective when they go to court. When you do that you retain staff as well. Retaining staff is probably the most important part and the hardest part of the prosecutor's job. For the past thirty (30) years on Kaua'i what the prosecutor's office has done has been a really great place to train our opposition. Every defense attorney on this island practically and most of the judges are folks who use to be prosecutors but for whatever reason moved on, became defense attorneys, public defenders, whatever the case may be and then they spend twenty (20) years out there in the legal community making our lives more difficult while we are trying to bring newer attorneys up to speed. Really holding on the attorneys and supporting them it just pays so many dividends and I do want to acknowledge we have the County's

appreciation banquet coming up. We have got some attorneys that are going to be recognized there for their service with the office as well as some other employees. Kevin Takata, for example, is making his twenty-five (25) years as a prosecutor this year. Melinda Mendes, making here twenty (20) years and several support staff employees, Renie Judd celebrating her twenty-five (25) years of service, Peggy Salba-Honnet, her twenty-five (25) years, and Anne Soriano celebrating her fifteen (15) years of service with the County. When you have that kind of experience team, they just bring so much institutional knowledge, resources and experience to bare on the people that they are dealing with and the public, I think appreciates that.

Other successes and achievements we have enjoyed include improved communication with Drug Court and Hawaii's Opportunity Probation with Enforcement (HOPE) probation staff. Joey Savino over at Drug Court, he knows that we are making as many referrals as we can into Drug Court. Making sure that they have no shortage of work over there as we have no shortage of potential clients for them as well as the HOPE probation staff. Streamlined attorney time and resources by using information charging. Moving away from the process of trying cases by grand jury and moving charging them by information charging whenever possible. This process enables us to basically support charges with paper declarations and let the judge make a determination of probable cause in chambers rather than scheduling a grand jury presentation which requires the calling of live witnesses, the using of victim witness staff and court resources as well as grand juror time so we have gone to one (1) grand jury per month rather than two (2). It saves a lot of time, saves a lot of money when you can charge a case in fifteen (15) minutes versus charging a case in an hour and a half. When you are dealing with hundreds per year it just makes sense. There are certain categories of cases you do need to go via grand jury. Primarily crimes against persons, violent assaults, homicides, things of that nature but for the majority of cases it is simpler and more humane on the people involved to do it via information charging. One of the things I am most proud about and I mentioned Tim Tobin's name earlier and this is a cryptic item here but keeping Simon reliable and alive. Simon is KPD's narcotic enforcements dog, basically. He goes out and when they are doing a narcotics enforcement effort that requires the use of a canine, bring the dog out, they alert to certain indicators of illicit narcotics and assist the police with developing probable cause to initiate an investigation or an arrest. There was an issue that came up with a court case a couple of years ago that called into question the viability of the program. There were certain indicators that we might need to look at bringing in a whole new dog or overhauling the program, doing away with it altogether but Tim Tobin said, "I think I can beat this, I think I can fix this." We had a case that came up. The dog was challenged. We were able to go to court. Called in an expert witness from Honolulu who has got decades of experience training these dogs and really explained to the judge this is what the dog does, this is how it was trained, this is how they use it in the field, this is the indicators that it gives and lo and behold we were able to successfully rehabilitate the integrity of that program to the point now where we can again make cases for the feds, we can again make cases for our State courts and not have to spend hundreds and hundreds of hours and hundreds and thousands of dollars overhauling the program. Effective global settlement of cases among Deputies using JustWare, again, now the Deputies can look at the system and say, "okay, I have this defendant. I am working on resolving his case. Does he have other cases with our office?" It is common knowledge that folks who have one (1) case often have more than one (1) case and in the past it would fall on the attorney to make a use of their personal memories or send out broadcast e-mails and hope that they get the responses. Now we know who has what cases. We can wrap them all up at the same time and deal with them. Of course, implementing the CMS in the first place, we consider it to be a success. Consulting and assisting with homicide cases in other jurisdictions. Having somebody like

Kevin on staff means that when you have a tricky homicide case they call Kaua'i. What that is for our office, it is wonderful because when we have a kind of case that they specialize in we can pick up the phone, call them and know that we are going to get the help with them. We are going to have that kind of political and social capital with our partners in the law enforcement system statewide. A very efficient plea offer approval system between the First Deputy and the other Deputy Prosecutors done electronically, done with a quick turn-around. The Deputies are going to court, they are going to the pre-trial conferences knowing what the limits of their authority to resolve or settle their cases. It saves time, saves continuances, saves further pre-trials, keeps the judges happy, keeps things moving. Timely plea offers have resulted in reduced court continuances. Nothing kills productivity like having to go to court eleven (11) times on the same case so by reducing those repeated appearances we are able to save our resources as well as judicial resources and of course to reduce or eliminate the screening backlog via the use of our technological tools and via the use of the extremely skilled human resources we have working on those cases.

The Cold Case Unit, one (1) accomplishment that I am extremely pleased with is the identification of the remains of Nancy Baugh in Hanalei. In 1979 her boyfriend, Sonny Featherman was brutally murdered and Nancy Baugh was never heard from again. Rumored to disappear on a particular area, low and behold last year somebody is out doing some weed whacking in a particular area and find some bones. KPD sends them for DNA testing and it comes back to meet the demographics of this particular individual. Our investigators on staff, OPA, KPD, because they have been doing this type of cases for twenty-five/thirty (25/30) years a piece, one of them thinks, "Hey, this person was reported to have gone missing in this area." Contact the surviving family members, get DNA samples from them, compare it, it is her. So thirty-four (34) years later we are able to give this family some not satisfaction, I am sure but at least some closure in terms of knowing what happened to their loved one.

That is why we do what we do. Ensuring the grant continuity, getting additional funds to keep doing that work, the addition of experienced staff who have experience handling unsolved homicides and murder cases, having Joe Adric joining our team of special investigators, having Paul Kanoho join our team, folks who have been around and know the ropes to get things done. The forensic analysis contract and social media initiatives I will talk about now and collaboration with KPD. I mentioned our drug dog earlier. That is not our dog, but some stock art I found on the internet. But it is good that working together with those folks we can achieve what people might think is unachievable. So just a quick recap of things that were accomplished the case management, victim-witness program reorganization and continuation of efforts to investigate and clear the cold cases utilizing grant, continuance of efforts to work with KPD, U.S. Marshalls, and the Attorney General (AG) to bring non-compliant registered sex offenders into compliance and prosecute where appropriate the violators. We were awarded grant funds through the State to work on the non-compliant registered sex offender unit that we have in our Office. We are the only County Statewide that does our own non-compliance sex offender prosecutions on a consistent basis. So we are extremely pleased to be able to continue those efforts and I have to thank the folks at the AG, Lisa Arin in our Office, and AJ Morita at the Kaua'i Police Department for his efforts and working those cases and seeing that these folks are held to their obligations. As I showed you earlier, implementing the mobile devices, the tablets into the courtroom environment and giving the Deputy Prosecuting Attorneys the technical training that they know how to do a PowerPoint presentation. With our collaboration with the Big Island Prosecutors, they were able to send over someone with decades of experience, who did the presentation for the Xerox shooting that

happened in Honolulu. He came over and was able to give our Deputies some very practical training, very low-cost training on how to put together winning presentations in the courtroom.

Plans and initiatives for Fiscal Year 2015, continue to customize and implement the CMS, roll it out to the tablets, and continuance of our efforts to clear the cold cases and non-compliant sexual offender and continue Victim-Witness expansion using the VOCA grant funds. To just stay the course and focus on executing that initiative of doing the right thing for the right reason for the right person at the right time. That is the Prosecutor's mission. I will show you our internet web-based initiatives and social media initiatives. This is our OPA section of the County's kauai.gov website. We have added a slideshow on there, where you can see photos and get information pertaining to our unsolved homicide cases. On the left you can see a list of the cases along with the year in which they happened. You can click on them and get a brief synopsis of what the case was and the information we are able to release out to the public, a low-cost initiative. Something that was already there and the County has a website. Let us put the information on it and get the eyeballs focused on it and get people to share the information about these cases. Because the information is out there. When the information came out about the Baugh/Featherman case some months ago, there was media coverage, we got many phone calls, many E-mails, many people who wanted to talk about that case afterwards. That is what we are hoping to accomplish with these initiatives that people see the photos, see a friend or loved one and remember that I know something about it and enough time has passed that we were comfortable in talking about that. That right there, on the screen for example, that is Margarita Agbayani and Carlos Mangayayam, who were murdered in the Russian Fort area down on the west side many years ago. This is our County of Kaua'i, Office of the Prosecuting Attorney Facebook page. Again social media is just the way that people communicate in this day and age. It is the way that young people communicate in this day and age. This is a...a lot of times you see the media covering things that has already been on social media for a couple of days. So the way information is transmitted among groups of people, it enables us to disseminate information to a large number of people very quickly and again, people can see these photos and share the photos and they can contact us with information that they may have about these photos. So that is on Facebook. If you go on there and search for County of Kaua'i, Office of the Prosecuting Attorney, you will be able to see that. Like it and follow it and as time goes on, we can put additional information where we are looking for the public to give us their manao. Here is for example the Kaua'i OPA cold case photo album. You can see Paul Featherman and Nancy Baugh there and John and Michelle Klein, murdered on the Kuilau Trail many years ago. Keith Williams who was murdered in 1978. Stacey Kelekoma who disappeared when she was fourteen years old. Joyce Fox, who was murdered in 1992 in Kapa'a. Emilia Baron, Daren Singer, Lisa Bissell, Fig Mitchell, Daniel Bonnano. Some of cases that we are working on. Instagram is another popular information-sharing tool and again this is Joyce Fox and we can put it out here for anybody who wants to see it, July 25, 1992, the body of 45-year-old Joyce Fox was found dead with stab wounds in a ditch next to the cane haul road near what is now the Kapa'a Roundabout. So if folks have information on these cases and things have jogged their memory, they can call us easily.

Challenges for the coming year, being in law enforcement and criminal justice there are always challenges, but we do our best to meet them, hit them head-on and move forward. That is top of the list integrating the ever changing State and Federal systems and interfaces so we can effectively share information across the jurisdictions. If Kaua'i Police Department arrests somebody who happens to be a wanted fugitive from the Big Island, they can quickly find that information and know there is a warrant and hold them

on the warrant and get that person back to where they need to be. Information-sharing is key to law enforcement. Another challenge is the moving goal posts in terms of the shifting laws and decisions that come down from our Appellate Courts telling us oh, we cannot do this, we can do this, we need to go out and educate our Cops and Deputies as far as this is the new standard. We are always looking out for those decisions and being prepared to address them. Mobile citation tickets, that is a very specific challenge. Those who were here on the Council when we passed our mobile device, cell phone while driving Ordinance know that you can deal with that ticket by writing a check, putting it in an envelope, and mailing it in to the court. Now you cannot do that. Everyone who gets one of these tickets has to come to court, requiring court time, judge time, clerk's staff time, and Prosecutor time. So last year KPD wrote about a thousand of these mobile citation tickets, a thousand new cases for our District Court staff to deal with. So that is a challenge. You folks, I am sure have seen that people still talk on their cell phones while driving. We are going to get a lot more of these cases moving forward in the future. The State gives us grant funds for enforcement and all of these cases that have come to court require human intervention and attention to deal with. HOPE cases in the mental health calendar. Our courts more and more are being looked at as the way to deal with folks who have mental health issues. I know it is something that is a big item on the judiciary's radar screen for dealing with. Five years ago we had a certain amount of time and energy to devote to mental health cases and now that has mushroomed to take a much larger part of our time. The mental health infrastructure and services on the State and Federal levels have been decimated to the point that so many more of these people are ending up in the criminal justice system. We become the social workers of last resort which we cannot be doing. It ties up a lot of resources and requires specialized training from our Attorneys, requires them to spend a lot of time working with Kaua'i Community Mental Health and court staff. This is one of our challenges last year as well, when you are dealing with this number of County, State, and Federal bureaucracies and agencies and entities on an ongoing basis as we are, sometimes it can be difficult to point folks in a new direction and get them to move forward. It is true with us, it is true with everybody. But we work on it and again, we just keep moving forward. Our long term is strategic planning item that the community might...I am hoping that the community has a conversation about in the coming years and not asking for resources at the moment, but I have a vision for a Kaua'i Family Justice Center and what this is, it is a co-location of a multi-disciplinary team of professionals who work together under one roof to provide coordinated services to victims of family violence. They are specifically defined under Federal law referred to the co-location of staff members from multiple agencies on one roof including Police Officers, Prosecutors, Victim-Witness advocates and community-based support service providers. The closest thing we have to this is the YWCA's amazing beautiful new building on Hardy Street, which fortunately they allow us to go and conduct interviews over there and they are luxuriously...compared to what has happened in the past, conference rooms. We are able to give folks a much more comfortable environment to talk to the service providers, but really a Family Justice Center would enable a victim or a survivor to go in, get all of these services at once without having to go to ten different agencies without having to come to the Police Department to interview with Detectives, minimizing the trauma inflicted on these folks who have been through traumatic situations. Nationally there are currently 80 in operation and another 100 in the planning process. There are several phases to developing one of these Centers, including understanding of the history and fundamental principles involved. Going through an orientation process and going through an assessment, implementation and support process as well that includes doing a community assessment, strategic planning and implementation and sustainability and support analysis. So this is something that I think again I want to emphasize it is a long-term project. It is not going to happen tomorrow or

next year, but in the grand scheme of things would support the community and we will start the conversation with stakeholders in the community.

As far as our budget overview, not a lot of difference between Fiscal 2014 and Fiscal 2015. Not asking for new positions and not asking for new initiatives and not asking for...no big-asks essentially. The increase you see under "salaries" from \$2.07 million to \$2.17 million, primarily made up of Collective Bargaining required pay increases. Not much we can do about that. Benefits is actually decreased somewhat from past years \$1.27 million to \$1.22 million. Training, stable. Equipment and lease costs stable. Operations cost has increased slightly. What that increase reflects is the software maintenance and licensing agreements for the JustWare system, but the efficiencies that that system creates in our Office more than justifies that expenditure there. So really what you see is a very stable continuation from the past years and kind of is what it is. Graph on the next page, again shows the percentage breakdowns for our costs, salaries and wages, 63%. 34% is benefits. So you can see that 97% of our budget is salaries and benefits. Very small, nominal line item for utilities. Operations, and then vehicles and equipment leases. The equipment leases primarily the RICOH copiers and we are looking at moving those in a more efficient direction once those leases expire as well. So I would be happy at this time to accept any questions or concerns or conversations that members of the Council would like to have.

Chair Furfaro: Thank you for the presentation.

Mr. Kollar: Thank you, Chair.

Chair Furfaro: I am glad you are happy to accept questions. Maybe Art and Jamie can come up and join us. I will ask a few questions and open it up to members. You do have one dollar funded attorney in your budget?

Mr. Kollar: Yes.

Chair Furfaro: That dollar-funded, if you wanted to fill that position, you would be coming to the Council, I assume, for \$90,000 plus, plus?

Mr. Kollar: Correct.

Chair Furfaro: That is nothing that you have the current understanding of after six months, you would be able to fill, right?

Mr. Kollar: Correct. We continue to look for outside sources of funding for that position in terms of grants. We have applied for several and working with the Administration we would tie any requests for funds to fill that position at an appropriate juncture.

Chair Furfaro: Even if we pursued grants you would have to come in front of the Council to accept it?

Mr. Kollar: Correct.

Chair Furfaro: Jamie, the payroll and salaries that I am looking at, there are no shared grants in the Prosecutor's Office that are made up of some County

funds and Federal money? Some County funds and State money? All the grant money that you currently have for salaries, PT&E is purely for those positions?

JAMIE CHONG, Grants Coordinator: Jamie Chong, Grant Coordinator. There are two positions that are being partially funded with County funds and with grant funds. That is position 9091, and 9087.

Chair Furfaro: On those grant funds is there any possibility that indicates that they may be phased out from the Feds or the State?

Ms. Chong: No, those are two positions that are...well, with grants that are formula funding. So we have had them since the early 1980s and anticipate them continuing.

Chair Furfaro: Your Post Employment Benefits, credit of \$111,000. This is related to the underfunding? Is that...I see the gentlemen shaking their heads. That is the 27% is the \$111,000? Okay. Your auto assigned, tell me a little bit about the auto assignments? How are they handled? I saw a \$7,000 line for leases.

Mr. Kollar: The lease payments...Jamie, those are the copiers, correct?

Ms. Chong: Yes.

Mr. Kollar: The vehicles are paid for.

Ms. Chong: We do not have any vehicle payments.

Chair Furfaro: You have no vehicle payments?

Mr. Kollar: Correct.

Chair Furfaro: Thank you.

Mr. Kollar: We are looking at picking up some surplus vehicles that the Police Department is finished with and phasing out some of our older ones.

Chair Furfaro: Okay. I hope you folks do understand that any vehicles you pick up are subject to being approved by the Mayor. That is by HRS. No one other than the Fire Chief, the Police Chief, and the Mayor are to have a vehicle unless it has been signed off by the Mayor.

Mr. Kollar: Yes, sir.

Chair Furfaro: Okay. Who did your space planning and was there a fee attached to it?

ART WILLIAMS, Administrative Officer: Art Williams, Administrative Officer. We did it in concert with Office Max and also with System Center, who had done previous installations in our offices. So they along with a third-party vendor, I cannot remember the third one, all participated and gave back feedback on the different space

planning. So we have had good feedback from both of them, but the Office Max folks have been most forthcoming with suggestions. They have been on-site and measure out the spaces and they work with a lot of the Counties across the State, County facilities across the State and have given us the good suggestion. So they have been very helpful and that is who we have currently worked with.

Chair Furfaro: Are they the same individuals that are doing work for the Planning Department and others? Or was this a separate contract?

Mr. Williams: Separate contract, but the same individuals...we went to Planning and got recommendations from them, yes.

Chair Furfaro: Going around the table for...let me ask you on your DNA forensic contract, the services, what is that amount and specifically where does it appear in your line items?

Ms. Chong: For the DNA contract that is 100% coming from grants.

Chair Furfaro: Oh, 100%.

Ms. Chong: Yes.

Chair Furfaro: Because I did not see it there and I do not see your grants. So that is all grant money?

Mr. Kollar: Correct.

Chair Furfaro: Federal grant money?

Ms. Chong: Yes.

Mr. Kollar: Cold Case grant, yes.

Chair Furfaro: Congratulations. Questions? Around the table.
Mr. Kagawa, you have the floor.

Mr. Kagawa: Thank you, Chair. Thank you, Justin for your presentation. From time to time I bump into some of your workers and they tell me that they are happy under your leadership. So I think a happy office is a good office.

Mr. Kollar: Thank you.

Mr. Kagawa: A couple of questions. If you can briefly explain, because I know in Honolulu, I have seen a couple of news articles where I guess there is some frustration with reoccurring criminals and they are saying that they have a charge, but they are still on the loose and committing more crimes and they are almost blaming the court system that there is a big backlog and takes time and I think overcrowded prisons. If you could explain some of that that may be happening on Kaua'i? I saw a lot of cases piled up on some of our Attorneys and is that some of what is happening?

Mr. Kollar: Any time we are dealing with outside agencies to get the work done, there is the potential for breakdowns happening at some point along that line or I should say "not breakdowns," but clogs. So we can make sure if we know if somebody of the community that is a problem, a recurring offender, someone creating a lot of havoc and strife, we work with the Police to make sure that the investigations are done and concluded quickly and get that case to the courts. Once it happens, when it is in court we have input into it, but it is not up to us necessarily. The judges make the decision as far as bail. We may request that somebody be subject to a higher bail, so we can keep them in custody and off the streets. The judge may give a lower bail. The person may even be able to post a higher bail from a family member or have resources, so sometimes they are able to get back on the streets that way. There is a certainly a problem with overcrowding in our correctional facilities. Even someone sentenced to 5-year, 10-year term, what that means they will be sentenced to the open five, go in front of the parole authority who fixes their minimum amount of time to serve to be eligible for parole and that could be anywhere from a one year and eight months up to the full five. On top of that you have work release programs and furlough programs and we are in fact alarmed by the speed that this people return to the community.

Mr. Kagawa: How is the relationship going with KPD? What I have heard is that sometimes Officers are frustrated because they did the Police report and have a good case and when they re-arrest them, they are like "wow."

Mr. Kollar: Our relationship with the Kaua'i Police Department is very good. We have good lines of communications with the Chief and Assistant Chiefs and Officers in the field. We have made it very clear if they need help, any time of day or night, pick up the phone and call and somebody will be there to answer your questions. Like any...we have got a brother / brother relationship between us and the Police in terms yes, siblings there will be a spark over a particular issue and we will go head-to-head and argue for an hour or two and then come to a mutual understanding and move forward. So that is what happens. I am very satisfied with the level of trust and openness that we have with the Police Department at this time.

Mr. Kagawa: Thank you. So basically if you can answer this, is plea bargains frustrating sometimes for the Police? When they find out instead of going the distance, I guess we plea bargain? But there is a reason sometimes we plea bargain, right?

Mr. Kollar: Almost all cases at any level do resolve via plea bargaining because the court system is simply not designed to take every case to trial. In cases where somebody has a question about oh, why was a particular agreement reached? We have a conversation with that Officer of that Detective, or whoever has the concern and say this is what happened. This is the reality of the situation. This is what was provable and this is what was not provable and take it from there. I think most folks understand that plea bargaining is part of the process in most cases. Sometimes the results are not what we wanted. Sometimes the results are not what the defense wanted but in all of those cases we do our best to get the most favorable terms we can to protect the community and keep the community safe.

Mr. Kagawa: Understood. Good answer. Thank you, Chair. Thank you for your presentation. I will support your budget. It is basically status quo budget and I think a lot of other Departments are facing the same.

Mr. Kollar: Thank you, Councilmember.

Chair Furfaro: JoAnn.

Ms. Yukimura: Thank you. Thank you Justin for your very informative and substantive report and congratulations on your many advancements in your first year in Office. It is quite impressive. I appreciate your cost consciousness where you are using technology to be more efficient and using strategic thinking like with the grand jury frequency and also using relationships, like you are in getting training help from other offices.

Mr. Kollar: Thank you.

Ms. Yukimura: Excuse me my ignorance what is our HOPE cases?

Mr. Kollar: Hawai'i Opportunity for Probation with Enforcement. It is a program that Judge Alm started on O'ahu and has been emulated in many other places. What HOPE seeks to accomplish is for offenders that require more close supervision than your average probation case. If it is somebody who kind of requires that extra little attention, they go into that program. In a normal probation case a person might violate a few times before consequences and I know they are constantly faced with the struggle in that area, but with HOPE, as soon as you violate, you come in and see the judge and get consequences right away. The first time might be two days in jail and going up, could mean your probation revoked and open prison term.

Ms. Yukimura: So it actually tries to address the prison overcrowding situation by not just revoking probation immediately and sending them back for a long time?

Mr. Kollar: Right. The theory is, I believe, is to save prison for those folks who really need to protect the community from and if it is folks who can be adequately supervised on probation to go that route.

Ms. Yukimura: Okay. What is the Justice Reinvestment Initiative working group?

Mr. Kollar: The JRI working group is well, JRI is an initiative of Governor Abercrombie's. He worked with the folks at the Pugh Foundation and came up with these set of principles and practice to implement in Hawai'i. Part of it is his stated policy goal of returning Hawai'i prisoners who are housed in mainland prison facilities and so in terms of doing that, there were concerns raised by law enforcement, what are you going to do with these folks? If you are going to be bringing these folks back to Hawai'i you need to give us the tools to keep on top of that situation. So for example, in our Office we got an extra Victim-Witness advocate to keep folks in the community apprised with what is happening with these offenders.

Ms. Yukimura: Thank you for the explanation. Speaking of Victim-Witness, I do want to thank you for restoring the program and for using it to really...I feel like it is related to community-based prosecuting; where you are really addressing some of the concerns of the community. Whether it is bringing prisoners back or dealing with crimes where there is no prosecution, but there is still a victim.

Mr. Kollar: Right.

Ms. Yukimura: Thank you very much. I only see two positions in your budget for victim-witness and you mentioned three?

Mr. Kollar: The third one is a grant-funded position that is not on the County budget.

Ms. Yukimura: So it is totally grant-funded?

Mr. Kollar: Correct.

Ms. Yukimura: So you have your Director plus two counselors now?

Mr. Kollar: Correct. Well Director plus three counselors. The third counselor is under the grant. You are only seeing two?

Ms. Yukimura: Yes. I am only seeing one Counselor II.

Mr. Kollar: Marla and Jennifer are all grants? Jennifer is partly on the County budget. The other two are entirely grant-funded. One is VOCA and one is JRI.

Ms. Yukimura: Okay. So you have three Victim-Witness Counselors, one on County money, two grant-funded and your Director?

Mr. Kollar: Correct.

Ms. Yukimura: Thank you. Your Family Justice Center, I commend you for looking ahead, and I do believe that coordination and collaboration is the way we are going to solve problems efficiently and cost-effectively. My question is, and I know this is just a beginning conversation. Why only would the Center...why would there just be a Family Justice Center for victims of family violence?

Mr. Kollar: That is the model the way it is setup. I think there is room for flexibility to include other types of crime situations. But family violence can really encompass a lot of different types of crime. It can include interfamily property crime or drug situation or domestic abuse situation or child abuse type of situation, something that is maybe better handled outside of Police station environments.

Ms. Yukimura: What about juveniles, who may not be involved in domestic violence or family violence, but may not yet be fully into the system, the criminal justice system?

Mr. Kollar: Yes. I think those individuals would also be appropriately serviced at this location. We work fairly closely with Office of Youth Services in how to move forward their initiatives and they are looking at assessment centers for juveniles who are on the edge. They are doing a pilot project in Kalihi right now. I have been pushing them to start a neighbor island project like ourselves, but they are under resourced. The idea if you have a juvenile who is in need of services to come to the

assessment center and if it is something that need to go to law enforcement, it can go that way. If it has to go to Hale Opio or Alu Like or some other program it can go that route, but again, co-located in other location.

Ms. Yukimura: I think, because of the different centers maybe looking at addressing them in an effective way. I read about the Waianae Center looking at preschool education and using Head Start, Punana Leo, all-in-one building, but different approaches because building and land is so expensive and so forth.

Mr. Kollar: That is all part of the conversation moving ahead.

Ms. Yukimura: My last question is on page 9 of your PowerPoint where you talk about property crime unit and your last accomplishment was partner with community organizations and law enforcement. How do you detect trends? So I am just curious how you track trends?

Mr. Kollar: It is primarily when it comes to the property crimes situation, primarily anecdotal. I know the Police Department has made some pretty good strides to be able to map out the crimes where they occur and the times of the crimes. Right now practically speaking a concerned individual who is affiliated with a community group will call me up and say hey we have got a real rash of stuff going on right now in this area. Then I can go to my Deputies and to the Detectives and say are you aware of this? What do you know? How can we move things forward? With the property crimes and spree-type of situations that we have seen a lot of in the last couple of years, fortunately we are small enough as a community to respond that way, but we need more mapping tools and better analytical moving forward.

Ms. Yukimura: I have read about very sparsely about Police Departments that have used mapping very effectively and if that is something that could be useful here, tailored to our specific circumstances sounds like it could be very useful.

Mr. Kollar: Even in Honolulu there are apps that you can use and will give you the crime mapping information from their Police Department and you will see where it is happening.

Ms. Yukimura: Thank you. Something that I have reiterated with everyone. You mentioned benefits are going down, but you understand it is just because we are deferring our OPEB obligations?

Mr. Kollar: Clear on that.

Ms. Yukimura: So we are still going to have to pay it. Okay.

Chair Furfaro: The \$111,000 that I mentioned is really an expense. It is only being deferred. So we have ten more minutes here. I want to go to Mr. Chock and then Mr. Rapozo, please.

Mr. Chock: Thank you, Chair. I apologize for not being here earlier. I was at Kapa'a High School in a class teaching some students, but I did have a chance to look at your presentation beforehand and wanted to thank for the impressive work that you folks have been doing with the County Prosecuting Office. I think you

answered the first question with the Chair mentioning the \$111,000 in Other Post Employment Benefits, being attributed to OPEB. The other questions that I had was in terms of your long-term strategic plan for the Kaua'i Family Justice Center. What a great program. Can you tell me what the budget is for that within your operations?

Mr. Kollar: That is not a budget item within our operations. That is long-term vision-type of thing that is going to be a conversation before it is going to be a budget.

Mr. Chock: Okay. So it is not yet related to the budget?

Mr. Kollar: Correct.

Mr. Chock: In terms of timing and timelines, such a big need, what do you forecast that?

Mr. Kollar: I think we are looking at years potentially.

Mr. Chock: Oh, I see.

Mr. Kollar: A small number.

Mr. Chock: Last question without getting into any philosophical discussions one of the challenges is institutional resistance to change and I was wondering if there was a response to, that a program or training to address some of that?

Mr. Kollar: I am not sure...I did not have a specific agency in mind when I said that. I think for folks who have been around, the worst phrase you can hear is "you will ask a question why do we do it that way and the answer you get is that is the way we have always done it." That is the phrase we are trying to eliminate from our vocabulary and minimize moving forward with other agencies. I know, every agency has its own missions and goals that they need to execute. So sometimes our goals may not line up with their goals and they say we are going in this direction and we say can you try to move a little in this direction? It is kind of like turning the boat around.

Mr. Chock: I hear you and understand.

Mr. Kollar: We approach it with a sense of optimism whenever possible.

Mr. Chock: Great. Do you folks have any sort of internal evaluative systems, offering the ability to offer feedback? I think Steve had done something similar in his office in terms of trying to gage internal feedback in order to move us forward and grow?

Mr. Kollar: I will talk with Steve about what exactly is he doing. But I can tell you that in our Office, my policy is my door is open. You can come on in and talk. We also regularly meet with different components and segments of the staff to have conversations and get feedback and say, what are the issues that you are having? What are the problems that you are having? What are our suggested solutions for those

issues and how can we address it? We try to maintain really open and free lines of communication within the Office and we do solicit feedback from staff.

Mr. Chock: I appreciate your work.

Mr. Kollar: Thank you, Councilmember.

Chair Furfaro: I also want to share with you that we have over the last three years done upward appraisals for our staff here and would be glad to share the format with you. We do it once a year and it is based on core values that we have agreed on. Please let me know and I will be glad to share that with you.

Mr. Kollar: That will be great. Thank you, Mr. Chair.

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. Thank you Justin for being here. The only question is the CMS under R&M computers page 29. You have NCIC, the NCIC and CMS are two different things, right?

Mr. Kollar: Correct.

Mr. Rapozo: The CMS is your case management system?

Mr. Kollar: Correct.

Mr. Rapozo: That is an annual fee? \$51,960 a year?

Mr. Kollar: That is an annual fee. We are working towards the other islands using this system and we will be able to use the bulk licensing as a way to leverage a better cost from JustWare. That is a recurring cost item and it is unavoidable.

Mr. Rapozo: It seems kind of high.

Mr. Kollar: It does achieve efficiencies within the Office in terms of saving people from a lot of wasted effort.

Mr. Rapozo: So what is the bulk of the cost is the licensing or maintenance?

Mr. Kollar: It is the licensing and maintenance fee and that is just to ensure that we have the support, if and when we need it.

Mr. Rapozo: How many licenses do you get with that?

Mr. Kollar: Art what is the number? 42 licenses.

Mr. Rapozo: So everybody in the Office gets to use it?

Mr. Kollar: Correct. So everybody has access to the information and knows what is going on.

Mr. Rapozo: Okay. Thank you. Thank you, Mr. Chair.

Chair Furfaro: Are you good, Mel?

Mr. Rapozo: Yes.

Chair Furfaro: Do you have any other questions?

Mr. Rapozo: No.

Chair Furfaro: I will go to Mr. Kagawa.

Mr. Kagawa: Thank you. Sorry, I just have one more. Regarding the TVRs, Joan Conrow's Abuse Chronicles. We decided to work with Planning. I was one of the members who did not vote for the 3.17 investigation. I had faith we would have a better solution with Planning and working it out with the Prosecutors and maybe going after some low-hanging fruit. Have we had any progress?

Mr. Kollar: Yes, we have. I remember that conversation from last year well and appreciate all that followed from it. Over the past year we have spent time working with the folks at Planning and folks out in the community to help identify cases that might be suitable for enforcement. What we have done is there are several that we identified that if they have not been filed already, they are about to be filed. I remember reviewing the complaint language. So there will be charges happening.

Mr. Kagawa: Are we looking at more penalties or compliance?

Mr. Kollar: Well, the goal is always compliance, but if the person is not going to be amenable to compliance, there are consequences for that.

Mr. Kagawa: I am kind of worried that in this recent case we have had that before the Council, I am worried that the defense will use...they will say why are you going after us? There are hundreds more. So you are politically going after us? Is that going to be a defense by these people who are abusing our TVR laws?

Mr. Kollar: I cannot say what their defense is going to be. Our identification of cases is not based on political concerns in any subject matter area.

Mr. Kagawa: Okay. So we hope that whatever cases we go after we cannot worry about that defense then?

Mr. Kollar: That is the goal.

Mr. Kagawa: Well, just be wary of that. That is one of my concerns is that they will say well, everybody else is doing it on my street, why are you picking on me? And then what? I guess we will see.

Mr. Kollar: We can deal with that.

Mr. Kagawa: Thank you. Thank you, Chair.

Chair Furfaro: We will get a little bit of an update tomorrow from Planning. They are 9 a.m. – 11:00 a.m. tomorrow. So we appreciate the work that you are doing jointly with them but we should get some updates from them tomorrow.

Mr. Kollar: Very good, sir.

Chair Furfaro: Any other questions at this point? I guess I just want to say thank you very much for a very precise presentation. We appreciate the containment of costs. I do want to think that the \$99,000 change in your actual payroll is related to those that are members of the Bargaining Unit, those 14 employees. So everything is very tight. Again, please note if you are successful in getting the grant for that one dollar-funded Prosecutor, please be prepared to make that presentation to this Council.

Mr. Kollar: Thank you, Chair.

Chair Furfaro: I have no call-backs for you.

Mr. Kollar: Thank you.

Chair Furfaro: We are going to go on our caption break right now for 10 minutes and we will start with Transportation when we come back. Thank you very much everyone who is here.

There being no objections, the Committee recessed at 11:05 a.m.

There being no objections, the Committee was called back to order at 11:29 a.m., and proceeded as follows:

Transportation Agency

Honorable Mason K. Chock, Sr.
Honorable Ross Kagawa
Honorable JoAnn A. Yukimura (*present at 11:31 a.m.*)
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum
Honorable Gary L. Hooser
Honorable Mel Rapozo

Chair Furfaro: We are back from recess and we will be starting the presentation of the Transportation Department. The rules are suspended and I will go ahead and ask Transportation...all three of you can come up at once. We would like you to make your presentation and we will hold all questions until we have two members that will be right back. You will have the floor, Celia.

There being no objections, the rules were suspended.

CELIA M. MAHIKOA, Executive on Transportation: Thank you Chair.
We have two other representatives from the Agency here today.

KALAWAIA LEE, Program Specialist III: Kalawaia Lee for the record,
Program Specialist III.

ROBYN NAKATA, Accountant II: Robyn Nakata for the record, Accountant
II.

Chair Furfaro: Okay.

Ms. Mahikoa: We want to thank you for the opportunity to be here today and to discuss our budget request for this year. Just to start out, we wanted to share our mission. At the Kaua'i Bus is providing the Kaua'i community accessible transportation services with professionalism and the *Aloha* spirit. We are fully dedicated to doing that for each individual that we serve each day. The successes and achievements that we wanted to share with you for this day...the first one was the fact that we were able to implement additional mainline service to address the on-going overcrowding that we have had on several of our routes. This on-going crowding was causing some occasional denials of passengers in the past which was definitely not something that we would want to be doing at any time. However because of the lack of additional options available when these routes would reach certain locations, they were overcrowded and we were unable to provide service at that point. However because of the additional funding that was provided in this Fiscal Year, we were able to implement two additional runs coming in in the morning from Kaumakani to Līhu'e. We implemented that last month and that has certainly relieved the overcrowding on those runs for commuters and school commuters and others coming in in the morning, high demand times. Additionally there was one run headed north in the morning, early in the morning that was also encountering similar situations that we implemented an additional run that is leaving Kaua'i Community College at 5:55 a.m. which assists with the overcrowding that was occurring there also.

Another success and achievement that we have had for this year is the new buses that were received. 20 new buses were received. We had 20 buses come in of which 5 are fourteen passenger para transit buses. 15 were the fixed route buses, mid-size and larger-sized fixed route buses that were placed in service. The larger fixed route buses were purchased with a bike rack that contains three slots so that we are now able to accommodate three bicycles on those vehicles which definitely helps when we pull up to a bus stop and there are additional individuals there. Typically the unfortunate thing is that if there are not enough slots, they would have to wait for the next bus or lock their bike up at the stop there. We are hoping that this will allow that to happen much less often, where people will be able to get around and this will encourage more people to use bikes on Kaua'i as well as transit. As far as our small equipment, repair and maintenance section, over the past year, we have conducted 316 equipment repairs. Turnaround time remains consistent at approximately 50% of repairs being completed within a week. About 25% of them being completed within three days. This is facilitating greater potential productivity for the equipment operators, which we find certainly a high priority ensuring that we are repairing the equipment promptly so that the operators are able to maintain the areas that they need to. An additional success that we had this year was that we have been receiving regularly Federal grants in the past that have funded the new vehicles, vehicle replacements. We have been regularly receiving historically it has been about \$500,000 per year we have been receiving operational funds from Federal Transit Administration as well. Additionally, with these grants the operations ones typically require 50% local match and the capital grants require a 20% local match, which we address through the General fund and Highway Fund currently. As far as our fleet management, which is closely tied to the need to regularly replace the buses to keep them in a state of good repair. The Federally-designated useful life of transit vehicles of the size that we operate is currently five years or 150,000 miles. Due to the practice of regularly complying with the manufacturer's recommended maintenance schedules, most vehicles in our fleet are able to be kept in service until at least 300,000 miles, has been the practice. We anticipate proceeding with the purchase of 20 additional vehicles in the very near future and working with Purchasing on the bid right now. We anticipate additional funds being made available within the next year. That all depends upon the Federal Transit Administration awarding those funds. We plan to include several larger-capacity buses with the goal of increasing the efficiency of the fleet. We have a fleet replacement schedule that we have provided in our presentation as well. It shows our plan over the next five years as to fleet replacements and the funding that will be recommended for or required in order to conduct the fleet replacement to keep our fleet in a state of good repair. Another topic we have service demand that I wanted to share with you. We have provided a chart here showing the continued increase in fixed-route and para transit ridership each year. Fiscal Year 2013 was minimal in growth due to no further investments in transit service being made during that period. Frequency of passengers denied boarding remained consistent until last month when we implemented the additional service specifically to address that challenge that we had.

As far as our goals and objectives for this current fiscal year, a major objective is the construction of the bus stops that we discussed during the CIP discussion with you. We originally set up the eight bus stops and initiating construction of one volunteer-built bus shelter. We also...I will go into that and explain that and then I will go to the next goal that we had for this year. Our fixed-route buses currently provide service at 119 stops. Of these 88 are currently without some form of shelter or adjacent to a bus stop and our commitment to have all bus stops sheltered by the year 2020, we continue the management and design and engineering contract that was originally scheduled to provide plans and permitting for 49 bus stop passenger shelters by May 2013, but a delay of one year was accepted in order for us to provide community meetings so we could get valuable

community input, as well as addressing some of the concerns about the design of them and the clearance that was provided on them, that was given to us through the Disability and Communication Access Board to better address the locations that we were proposing within that contract. So in order to address those sufficiently, we extended the contract. We are looking at being able to right now it is looking like nine...is that right? We are going into contract for nine hopefully within the next month or two and proceeding with construction. Our goal was initially to initiate construction of one volunteer-built bus stop shelter as we entered into further discussion and had individuals interested in supporting us in this endeavor, we were able to amend the scope of the project to where now we are asking volunteer groups to assist us with assembling each of them, each of the bus stops so there will be volunteer hands involved at each location in the first phase of the bus stop construction.

A second goal that we had for this current fiscal year is revenue structure refinement. One part of that was through implementing the bulk rate discount bus pass agreement with Kaua'i Community College which we were able to successfully do. We entered into a two-year agreement with them, which the agreement currently requires \$20 payment by each registering student and allows them unlimited use of the public transit system during that semester. The revenue generated by the program was \$28,640 for the fall semester and \$25,080 for the spring 2014 semester. Additionally, as far as our revenue structure refinement goes, we had the bus pass price increase approved when we were in budget negotiations for last year which increases our bus pass prices...the monthly pass price by \$5, first increase of July of last year and a second increase scheduled for this July that is going to occur and there is an additional increase coming up July 1, 2015 for another \$5 per month. We also continue researching requirements, common practices within the transit industry to determine potential improvements to the existing fare and bus pass policy. Once we are completed with that a proposal for additional changes to the fare structure for fixed route and para transit bus service will be submitted for consideration. We provided a chart that shows the steady increases in revenue that shows our revenue has probably quintupled up the past ten years because of the increases in ridership and increase in investment in public transit and the public's increased demands for the service. Additionally we had set a goal to have a short range transit plan initiated this year. Unfortunately we have not been able to get the funds yet. We are still in discussions with the funding source on that. So we are hoping to be able to proceed with that in the near future. As far as our upcoming goals and objectives, again our primary one is to get the bus stop passenger shelters completed. So I had gone into some discussion with you on the prior section about that. Additionally, we have requested through the Legislature \$600,000 to assist us with this as well. So we are hoping to be able to proceed with construction of an additional 40 above and beyond the nine that we currently have funded through the CIP. So if the contract that we have for the design and engineering of bus stops is for 49 locations right now if we are able to get the additional CIP funding we are requesting for next year, as well as the \$600,000 from the Legislature by the end of 2015, we should be able to complete 49 bus shelters constructed on the island. For next fiscal year our goals are also to provide additional holiday service. We do acknowledge the fact that people do not stop moving around simply because it is a holiday, particularly here. We have the visitor industry is a very strong employer here and we in the past have been closed on Thanksgiving Day, Christmas Day, and New Year's Day, and for this year we are proposing to be able to address the needs of the community better by providing service on those days. So on Thanksgiving, Christmas, and New Year's starting with the year 2014, New Year's 2015 we are going to be adding holiday and weekend scheduled service on those days. Additionally we are looking at making bus schedule improvements. Steady increase in traffic and other frequent roadway delays have negatively impacted our bus riders. The

existing alignment of our mainline and shuttle route connections was established probably ten years ago when roadways were much less congested. Things have changed in those years. So we have been doing some fine-tuning to address that. What we are planning to do is do an overhaul to address the ongoing delays of certain areas. The issues that certain riders have with connections, the missed connections, and we are looking at trying to strategize a better layout on scheduling to better serve the community. So that is what we have planned. Ultimately hoping to take it that missed connections are taken down to zero.

That covers our goals and objectives for this upcoming year and we can go into discussion on our budget. The next three pages within the budget presentation are our General Fund budget comparative showing Fiscal Year 2014 versus 2015. Then it has the Highway Funds budget and we have a combined one, which I am going to be discussing just generally what has contributed to the changes from last fiscal year to this fiscal year. Excuse me. So there are several significant factors that influence the need to increase the Agency's budget requests this year. First of all the salaries and wages, you will see overall has an increase of \$605,000 of which is accounted for through Collective Bargaining increases, the additional bus service that we have implemented this year, which was to address overcrowded routes, the addition of the three holidays, that is also included in those line items, as well as the fact that we have been operating with a little bit of Section 5311 grant operating fund carryover up until this fiscal year. This fiscal year marks where we have caught up with all of the existing awards and now we are exclusively spending out of current awards. So there is no carryover funds available. Additionally the benefits line has increased by \$127,000 and those are simply a function of the salaries and wages that would be the social security, OPEB, and retirement. Utilities have not changed. The vehicle and equipment line item, there was an increase of \$17,500. With that we have asked for additional funds to serve as 20% match for the grant that we were recently awarded, which is going to allow our repair shop to purchase a portable lift, an AC service unit, and a service vehicle to accommodate the utility worker who needs to go out and service the bus stops and make sure that they are maintained well for the public. As far as operations, the overall operations category there is a reduction in the volume in the large-cost vehicle repairs and maintenance, which is why you see the reduction there and we are anticipating that because of all the new vehicles being added to the fleet replacing the very old ones, that we should see some of a reduction in the repairs expenses on those. Therefore, we have reduced that line item. I have provided some information regarding the position changes that occurred within our Agency over the past year. We are asking for three new on-call driver positions in the upcoming fiscal year. What that does the on-call driver positions are basically a pool from which we draw from to fill in partial shifts or when we do not have sufficient coverage for the scheduled shift for our drivers. One thing that occurs and that we are fully committed to doing is ensuring that absences will not affect service to the public or will minimally affect service to the public. So if we have drivers calling in sick, there is...so there is no option other than locating someone to cover that shift. So we have a couple of floater positions, full-time floaters that are called to do that if they do not have a prior assignment and if not, we use our on-call driver pool to come in and fill in those prior to going to having to request overtime from our full-time drivers. That is the reason why we are asking for additional on-call drivers positions. The changes that we have had that we are asking for is having two bus driver positions reallocated from on-call to full-time additionally. In doing that what we are doing is taking existing parts of shifts or several on-call driver shifts and merging them into a full-time driver shift. That is to avoid having on-call drivers getting up to working 30 something, almost 40 hours a week. That is not something that we would want to continue. We have on-call driver positions over the past year. We had our clerk dispatcher group needing additional support and therefore, we had over the past year had an on-call van driver position vacancy that we had

reallocated to part-time clerk dispatcher to help support our dispatcher team. We had reallocated Accountant I to Accountant II in order to fulfill operational needs at this point. As far as vacancies we currently have, we have based on our presentation here, we had stated that we had plans to fill the vacant bus driver on-call bus driver positions on April 16th and we are grateful for excellent support from HR to fill that as of April 1st. So we have three new gentlemen who have joined our team who are now currently in train and helping to lighten the need to go to overtime with full-time drivers. We also have a Departmental Transportation Coordinator position right now that we are currently looking at reassessing the needs of the operation and what would be the best use of that position. Instead of just simply refilling it, we are trying to see where the missing bases are where we have uncovered bases to be able to better have our organizational structures. Beyond that I have provided the information regarding contractual positions that has been requested. As far as succession planning for our Agency, there are no impending employee retirements or departures that have been communicated to management. Our practice is to ensure sufficient backup is available at any time to ensure that absences will not result in jobs not getting done. So that is about all I have for this morning. If anyone has any questions.

Chair Furfaro: First of all, thank you for another year of running a very successful operation. I really want to thank you and your staff for doing a really good job there. It costs us \$4.4 million a year to run the bus. But it really addresses a lot of needs on the island that could be more complicated and more costly for repair, maintenance, capital improvements, than anybody even dreams of than what we invest here. I have to say one thing I am concerned about I think future expansion of the bus will require a very thorough evaluation of our costs per rider index. That means on the scheduled shifts that we have that have very low-ridership, it would not be my motive to cut that money out of your budget, but it would be my motive to ask you to re-evaluate where you can direct those costs to first support the higher-demand areas? I have to tell you, I am very pleased with the report that you and Nadine put together for me and gave me some time to identify, but we do have seven troubled routes, routes that are in the schedule that are averaging a low of 1.7 riders to a high of 2.9, which gives us a cost index per rider of about \$29.40. That money has to be better used to the areas that you say where you have overcrowding and so forth. I am going to send over a memorandum to you, identifying those shuttles. I have one Hanalei evening ridership. I have one Kekaha, one Kōloa shuttle, one Kapahi shuttle and one Līhu'e shuttle and I have to tell you the 15 minutes between the Līhu'e lunch time / week day shuttle, there is 15 minutes between the two riderships, but there is over \$9,100 dedicated to that extra 15-minute interval. That comes to a total of \$94,300 and can you evaluate a way to shift the \$94,000 towards bigger-demand shuttles? Bigger-demand ridership? Other than that, I have read your presentation and I have looked at your budget and I certainly just want to say that is the next step for me and I compliment you on your operation. I have no other questions for you. I just want you to look at those riderships that have 1.7 riders and the costs are pretty high. So there are seven routes like that and I will send you that in a follow-up.

Ms. Mahikoa: Thank you.

Chair Furfaro: Mr. Chock.

Mr. Chock: Thank you, Chair. Thank you for your presentation, Celia. I have two questions. The first question I had was about the small equipment...now that you folks have taken over, can you explain what that entails? What kind of small equipment maintenance and repairs are you folks concentrating on? I am just unaware of what they are.

Ms. Mahikoa: What we have been asked to do is take care of basically all the small equipment within the County which is primarily Parks and Recreation and Public Works, weed whackers, hedge-trimmers, anything that is four cylinders and below is what we have been asked to maintain and repair. So we have two mechanics that focus on those repairs.

Mr. Chock: This is a cross-departmental way of saving money as well?

Ms. Mahikoa: Yes.

Mr. Chock: That is good. Now I know Kaleo is no longer in your Department. Have you filled that position? Okay. That is accounted for this budget as well?

Ms. Mahikoa: Yes, that position was filled and now we need to fill it with the individual who took that position.

Mr. Chock: Interesting when I look at the other budgets that I have seen so far, the utilities have gone up, but in your Department it has practically stayed the same. I am particularly looking at electricity and I know the scale is different in Public Works, yours stayed the same and Public Works is \$130,000 more and to understand a specific reason why?

Ms. Mahikoa: Why we are not increasing?

Mr. Chock: Yes.

Ms. Mahikoa: Honestly we have not seen an increase this year thus far and we are committed to taking steps to actually reduce the amount of electricity that we use, whether that is just turning on half of the lights we have or whatever measures we have. We recently had our air conditioning for our building switched out and hoping that lend its own efficiencies electricity-use wise.

Mr. Chock: Do you have a set of guidelines? I am wondering since the savings is there for you folks why that cannot be duplicated in other Departments, if you might be on to something that we need to share with others as well? If you do not, I am just asking.

Ms. Mahikoa: Kalawaia is our representative with the Green Team and representing our efforts at becoming more energy-efficient. So if you could share some.

Mr. Lee: To answer your question specifically we do not have a set of guidelines or standards that we follow. We would use what we call "best practices" for utilization of our resources. So whenever we are not in a room we make sure we turn off the lights and keep the temperature on our thermometer set at a pre-determined setting and we are almost a 24-hour facility and to keep our utility cost baseline of last year is a step in the right direction. As Celia mentioned I am part of the staff-level Green Team and take advice from the guys from OED Sustainability Workers, Ben Sullivan and Glenn Sato, to be able to keep our operational costs down.

Mr. Chock: Thank you. It just says something to me and I might ask when we have call-backs for some of the other Departments to take a look at that, whatever we can save would be important. Then under that small equipment budget, I noticed that Workers' compensation went from \$2,000 to increase of \$18,000 if you could explain a little bit of that as well.

Ms. Mahikoa: We unfortunately had a ...

Mr. Chock: Page 221.

Ms. Mahikoa: Thank you. We had an unfortunate situation with one of the two mechanics in that division that we are hoping we will have resolved at some point. We have been working closely with HR and Risk Management, as well as our Workers' compensation insurance provider to try and get that situation resolved.

Mr. Chock: So just so I understand, how do we anticipate this...maybe this is a question for Steve, but every year we create a budget and we need to know foreseeable Workers' compensation and I am wondering how that is spread across the other budgets as well? I see \$20,000 again next year and that has been taken care of and I am sure that is something that we might take a look at in the future. Is there a specific index that is used?

Ms. Mahikoa: What we have been using is observing the current situation and anticipating whether or not we believe it is going to be closed within a reasonable amount of time. This one unfortunately has gone on a while and we choose to budget for it rather than to not and not have it resolved and be in dire financial straits trying to cover the expense of this situation, if it is not resolved in the near-future.

Mr. Chock: Okay. I understand. Chair, one last question, regarding Transportation. I know that Auto said that they track their own gasoline, monitor their own gasoline and Transportation does it separately. How do you folks account for that?

Ms. Mahikoa: How do we account for gasoline use?

Mr. Chock: That is correct. Fuel use.

Ms. Mahikoa: If you are looking at as far as confirming transactions and things of that sort, we require every driver to fuel...as long as their vehicle is three quarter tank or less at the end of their route or their shift they are required to refuel and bring in their signing and turning in their receipts with our dispatch team. We have a checklist of all of the items that need to be turned in at the end of the shift and that is one of the items. Those are thoroughly reconciled by Robyn each month. All of the transactions occur at Kaua'i Automated Fuels. The State has a contract with Kaua'i Automated Fuels because of the hours of our operation, we need to utilize their facility regularly. So there is a regular reconciliation of the fuel invoices that come in each month and the invoices do show usage as well. It shows the detail of what appears on each receipt and each transaction.

Mr. Chock: So Kaua'i Automated Fuel Systems is used solely for Transportation, not any of the baseyards?

Ms. Mahikoa: You are saying like for small equipment, if they need in order to test equipment?

Mr. Chock: I was thinking about buses since that is probably your highest consumption, Automated Fuels, for Transportation?

Ms. Mahikoa: For buses exclusively there, yes.

Chair Furfaro: Before I pass this on, Kalawaia, how long have you been a member of the Green Team?

Mr. Lee: Chair, since its inception.

Chair Furfaro: What have you folks set for a goal? Nobody wants to respond to me on this, like every time I ask the question it is like I am the plague. What is the goal?

Mr. Lee: Chair, of the staff-level Green Team we set a series of goals annually. In the past year we covered a couple of Earth Day events, photo contests. The goal for our group is to try to derive meaningful results on the County-level for greening our environment. That can cover from our utilization of our different resources that we currently have, cutting costs with how we procure things. So we have looked at paper reduction and looked at how we can make our physical environments and offices more comfortable without expending more resources?

Chair Furfaro: How about specifically to kilowatt hours? I am interested in that because I am going to introduce a 2% cut in kilowatt equals \$94,139 because I have done my homework as a hotelier, but do you have that kind of goal-setting? What is the goal for kilowatt reduction and I am picking on you because you have no increase in your utilities. You have done a good job.

Mr. Lee: I wish I had the answer for you and I do not want to be like the others and treat you like the plague, but maybe Ben Sullivan can better answer that question.

Chair Furfaro: Please take the message back that we need a solid goal from the Green Team because I might mandate one in the budget reviews.

Mr. Lee: I will.

Chair Furfaro: Mr. Kagawa.

Mr. Kagawa: Thank you. I just want to clarify some of the totals since we are in budget. So for the General Fund and Highway Fund for Administration, the total budget is \$1.135 million. For operations, if I add the General Fund and Highway Fund it is \$6.055 million. For the small equipment it is \$258,000 out of the General Fund. So if I add that up roughly I come up with a total budget, if you add General Fund and Highway Fund for the buses about \$7.5 million?

Ms. Mahikoa: Yes.

Mr. Kagawa: Okay. Because I heard like \$4.4 million and I was confused as to what is the true total? So about \$7.5 million is the total. Second question, along the lines of Chair Furfaro is how do we compare as far as services from last year? Did we increase routes? Or increase our operations from over last year or are we kind of status quo?

Ms. Mahikoa: The only service change we made from last fiscal year to this fiscal year given \$71,000 to specifically address the overcrowding and adding Kaumakani to Līhu'e and Līhu'e to Hanalei route additions.

Mr. Kagawa: I heard...and this goes back to how do we expand and fit the needs? I have heard...like, say, a Hanapēpē resident wants to get every day to work from Hanapēpē to the Hyatt, is there a route that they can take in the morning and afternoon? That would accommodate their work schedule? How would that work? Would that entail dropping off at a certain place and a transfer?

Ms. Mahikoa: Yes. It would take them catching from Hanapēpē, you are looking at if they live in the Heights, come down to the stop on the highway and catch the route 100 to the Kalāheo Neighborhood Center and from there they would get a connecting bus, the Kōloa shuttle and we have a stop at the Hyatt.

Mr. Kagawa: There are ways, they just have to do the proper planning ahead of time. I like that. Some of those are available. What they are telling me, I think, what that one person told me was that I guess the current does not allow him to get to work at 7:00 a.m. Then we go back to the question is can it fit everyone? Right now it is not a taxi service where we can accommodate one or two people. We are trying to fit the shoe to the need and that is going to take some time and studying.

Chair Furfaro: Before you answer Mr. Kagawa, the webcast is frozen. We have to take a break here. It is just stuck on the screen.

Mr. Kagawa: You got it.

There being no objections, the Committee recessed at 10:41 a.m.

There being no objections, the Committee was called back to order at 10:41 a.m. and proceeded as follows:

Chair Furfaro: Okay. We are back here with our broadcast and captioning. Thank you Mr. Kagawa for catching...I was referring to the money in the General Fund and not the money in the Highway Fund. But also Celia, we do not see a summary of the grant money. So could you send us over a summary? Because we are all worried about losing grant money. Mr. Kagawa, you have the floor.

Mr. Kagawa: Thank you. Just a couple more questions. I thank...commend you for following up with Senator Hirono and her requests for us to apply for some possible free buses from the Federal government that will be cleaner, I guess, burning biofuel. How is that going? We still have not gotten any word about our prospects of getting those free buses.

Ms. Mahikoa: The request from Senator Hirono's Office was basically asking for what areas that Kaua'i County would need her support, for what our needs are, our anticipated needs? Typically, this is at least as far as...I am not all of that knowledgeable with the entire process, but this seems like the first step in a process of putting support behind certain initiatives that Kaua'i County is looking at. They are assembling what the interests are and what the needs are for the County that are upcoming. So with that, we saw it as with the talks and discussions, the work that we are doing with Public Works, with Kekaha, with the landfill and looking at the potential of compressed natural gas on Kaua'i, we saw this as certainly something that would want to be on the scope with at the Federal level because they have been providing support on transit and in particular clean energy initiatives and if we can get to the point that we can proceed with purchases of those on the condition of course that there is a good, consistent fuel supply that is able to be established here. That is what we are hoping for. So this was kind of getting our foot in the door on that initiative.

Mr. Kagawa: Well, I think the proposal that Casey Watabu is working on is...the landfill, grow the grass and burn it and turn it into...I do not think it is algae, but the biofuel. What kind of grass do you call that grows along the roadside? It is like there will be actually growing those weeds or whatever and burning it into fuel that could be used. So I guess to look at all options. A lot of times we hear that oh, this is done here and there, but to see it to fruition, I think, any time we can go cleaner, and it even matches the cost of diesel, it is a better option. Because it is cleaner, and we could possibly get the buses 100% free from the Federal government and be a model for our residents that cleaner gases or fuels would be another option for our users. I would like to see the County be the leader with our transportation system and show the island that we do not have to only burn fossil fuel to get around. Thank you for sharing your interest in that and I hope we can continue work to improve the bus system. I was planning to actually spend some time with Kalawaia and seeing how we can...how I can better understand the Transportation Agency. I want to support it and help in any way that can I to make it as efficient as possible. Thank you. Thank you, Chair.

Chair Furfaro: My question about the grants, not to worry, Ashley has shared with me what the Administration has sent over. We have all 22 of your grants isolated separately on Transportation. JoAnn. Thank you. We will break at 12:45 p.m.

Ms. Yukimura: Thank you for your good work. Without really good management, the bus would not be as successful as it is today and I know it is a lot of hard work. On your increased capacity, the 15 fixed route buses...how many riders? What ridership capacity is that?

Ms. Mahikoa: As far as the capacity on each vehicle you are looking at?

Ms. Yukimura: Does it vary?

Ms. Mahikoa: I will let Kalawaia respond.

Mr. Lee: We have two types of vehicles a 31-passenger and 21-passenger.

Ms. Yukimura: You talked about getting a larger bus at some point for greater efficiencies and that will have how many passengers?

Mr. Lee: Councilwoman we have not yet identified the need of that capacity vehicle right now. We are getting information about what is available and cost estimates on those types of vehicles.

Ms. Yukimura: Okay. Great.

Chair Furfaro: The largest vehicle that would fit our road is 54-passenger.

Ms. Yukimura: Okay. I am sure there are a lot of considerations in terms of the places your buses have to go, etc. So 54 is the largest and thank you and congratulations for getting those three bike racks. Is that happening and now fewer people are throwing their bikes into the bushes at the bus stops?

Ms. Mahikoa: We do not have reported documentation on it. However, yes would do see vehicles with three on it, meaning if it was a 2-bicycle vehicle that pulled up to the stop that one person would need to.

Ms. Yukimura: I know the bike riders on your capacity routes were really troubled because they could not get on with your bikes. So thank you for that. On your goal this year, which I guess is going to overflow into next year, completing construction of 8 bus shelters and one volunteer-built bus shelter. Did I get clear you are going to use volunteers on all eight?

Ms. Mahikoa: Actually that was our original goal coming into Fiscal Year 2014. That was modified at the point of putting the construction contract together and we are now able to do nine and we have modified the scope to make it where the construction will provide the infrastructure part of it and the actual assembly of the shelter itself will be done by volunteer groups all nine of them, yes.

Ms. Yukimura: So that should cut down on the per shelter cost at least for these nine? Because you are using volunteers?

Ms. Mahikoa: It will cut down on the costs. Unfortunately it is on more of the simple phase of the work.

Ms. Yukimura: That is okay.

Ms. Mahikoa: So it will somewhat to me a lot of the value comes in the hands-on of the community on these shelters as well.

Ms. Yukimura: And the ownership that comes along with it that will hopefully discourage graffiti and things like that, too. I do not know, but I hope so. On your revenue structure refinement, which is accomplished through your KCC bulk pass program, do you know how many students are using the pass? Is there any way to tell?

Ms. Mahikoa: I plan to work with KCC to get actual numbers, but as of right now we do not have actual data.

Ms. Yukimura: Even KCC might have a hard time knowing, too.

Ms. Mahikoa: Right.

Ms. Yukimura: Once we get smart cards you could identify the KCC cards conceivably and know how many times they are used, right? At least you could track it that way on your mid-range plan, which has not got off the ground yet...where is it? Where is that?

Ms. Mahikoa: Was that the short-range transit plan?

Ms. Yukimura: Short-range transit plan. Thank you.

Ms. Mahikoa: That is at the bottom of page 5 on our presentation.

Ms. Yukimura: Thank you. You said that we had trouble with the...due to a delay in availability of grant funds...

Ms. Mahikoa: Yes.

Ms. Yukimura: Whose grant? The State Department of Transportation?

Ms. Mahikoa: Yes. We were in discussion with the Statewide Transportation Planning Office, who receives all of the grant funds that we get through the Federal Transit Administration and they pass it to us as subgrantees and we have been in discussion with them as far as what they have available.

Ms. Yukimura: And they do not have anything available?

Ms. Mahikoa: We do not know if they have any available. I believe they do, but being able to define an amount and to be able to get it authorized and forwarded for our use for this purpose, that process is what we are working on right now.

Ms. Yukimura: Oh, I see. So we have to make a clear request and we have not done that yet?

Ms. Mahikoa: I have entered the request with their Office. So they are working on identifying the funding availability.

Ms. Yukimura: We requested how much? \$250,000 was our match?

Ms. Mahikoa: Our match was \$33,500 and therefore it was four times that. \$130,000.

Ms. Yukimura: Yes, about \$130,000.

Ms. Mahikoa: \$130,000 with 20% match would be our \$33,500, I believe.

Ms. Yukimura: So they have not been able to find \$130,000 in Federal funds coming through?

Ms. Mahikoa: I would not say they have not been able to locate any. It is just a matter of...

Ms. Yukimura: Processing.

Ms. Mahikoa: I believe that is where it is at.

Ms. Yukimura: How long has this taken?

Ms. Mahikoa: It has been several months. I am in contact with them regularly. I will continue to pursue it with them.

Ms. Yukimura: Then once you get it, how long do you anticipate taking to do it?

Ms. Mahikoa: I would not want this contract to go more than one year. So we would specifically scope it to be accomplished within one year.

Ms. Yukimura: Okay and you cannot proceed with procurement of services until you have the funds identified and in-hand?

Ms. Mahikoa: Right.

Ms. Yukimura: So you have not gone out yet? Okay. Baseyard expansion. I do not see anything in here about that and I just wondered what the status is since I understood that was the bottleneck?

Ms. Mahikoa: The baseyard expansion, the actual identification of alternate locations and a method of having them implemented was going to be one of the primary goals of the short-range transit plan. So that was conditional in there for now,

because we currently have a need for additional space, Public Works has been very generous in allowing us some space in the lot that they have near the Airport. That has been our holdover for now, until we are able to identify alternate locations that are strategically located to help us reduce operating costs.

Ms. Yukimura: Where is the additional space we got? You said by the Airport?

Ms. Mahikoa: The Honsador lot.

Ms. Yukimura: Okay. That is convenient. It is not too far. That is creative and then lastly now that those crowded routes have been relieved somewhat with the addition of the new buses and on those routes...are you effectively going about every half hour?

Ms. Mahikoa: That is basically what we have done. We have added half-hour increments to the overcrowded routes.

Ms. Yukimura: I want to point out to my fellow Councilmembers, you are essentially doubling the capacity of the route? Because instead of coming every hour, you are coming now twice an hour.

Chair Furfaro: At the same time, you are doubling the costs.

Ms. Yukimura: Yes. But it is a much cheaper way of increasing the capacity of the highways than building new roads. Much, much cheaper. So now that those problem areas are addressed, are there any areas that stand out in terms of need or outstanding ridership?

Ms. Mahikoa: There are several areas that the public shares with us that they would like additional service. There are certain areas right now that we do not serve that have been regularly requesting service. There is Hanapēpē Heights that we do not go to right now. There is Wailua Homesteads that has very minimal service right now. The frequency of routes. Some are asking for more frequent routes on the weekends, holidays, later-service on the weekend as well. Those are the requests that we get regularly from the public.

Ms. Yukimura: Okay. I guess I have one more question. I think in discussions about the State's long-range transportation plan there was surfaced this idea we might be able to have a State project along the main highways to do our transit...our shelters along the State highway. Is that something that your Agency can propose or request?

Ms. Mahikoa: We can look into it. For asking them to address it as a separate project is what you are saying?

Ms. Yukimura: Yes.

Ms. Mahikoa: We can check with them and see if they are willing, certainly.

Ms. Yukimura: Because that is one way that they could make the State highway system more transit-friendly. Is there a way of identifying those bus stops and the costs? You folks have done a lot of groundwork already in terms of ballpark costs.

Ms. Mahikoa: Because we are in the middle of the bus stop improvement project right now, I would want to make sure there is no redundancy in that.

Ms. Yukimura: Right.

Ms. Mahikoa: The fact that the Legislature is currently looking at assisting us with...I believe quite a few of the ones that we are looking at right now are on the highway, is that right?

Ms. Yukimura: Could you let us know what ones on the highway are included in the request before the Legislature? Can we get that, staff? Hello, staff? Can we get that, please? Thank you and then also whatever other transit stops are on the highway that you need, besides the ones that are included in the request? We should hear about the request shortly though, yes? The State will be in decision-making soon. I think May 1st is the deadline for adjournment. Okay. Very good. Thank you.

Chair Furfaro: We have four minutes before lunch. Mr. Chock? No? Any follow-up? Mr. Kagawa? To the Transportation Department, I just want to say thank you very much for a very complete presentation. Obviously there is a lot of interest in collaboration and partnership here, and I know you feel that there is a lot of opportunity out there and it requires you to be very focused. I think JoAnn pointed out some of the initiatives that she would like you to take with State. On that note, we do not have a call-back for you, and I thank you very much for your time. Kalawaia, I just wanted to say that we are looking for some energy reductions if you could bring that message back, but congratulations on no increases for yourself. We are in recess for lunch. Be back at 1:45 p.m.

There being no objections, the Committee recessed at 12:42 p.m.

There being no objections, the Committee was called back to order at 1:47 p.m., and proceeded as follows:

Office of the County Auditor

Honorable Tim Bynum
Honorable Mason K. Chock, Sr.
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura (*present at 1:48 p.m.*)

Excused: Honorable Gary L. Hooser
Honorable Jay Furfaro, Council Chair

Mr. Rapozo: Ernie, you can begin.

There being no objections, the rules were suspended.

ERNESTO G. PASION, County Auditor: Good afternoon, for the record, Ernesto G. Pasion, County Auditor. For the record, I would like to read my budget presentation and you have copies of it. Starting with the mission. It is our vision that through carefully selected audits of critical areas, we can promote honest, efficient, effective, and accountable government for the County of Kaua'i. Number two, goals and objectives for Fiscal Year 2013-2014. Goal 1: To serve as a catalyst for positive change throughout County operations. Goal 2: To encourage efficiency and effectiveness of County programs. Goal 3: To inspire public trust by safeguarding the County's financial integrity by having annual financial audits done by outside auditors and conducting in-house performance audits. Departmental objectives were as follows: 1. Produce Countywide Fiscal Year 2012-2013 Comprehensive Annual Financial Report. This meets goal number three and this was achieved and the CAFR was submitted on December 6, 2013. Obstacles or challenges, loss of auditor/liaison to outside auditors. Oversight and liaison activities had to be performed by the County Auditor and the Audit Analyst. Number two, complete two performance audits, goals one and two. Yes, dollar funding of one Auditor and retirement of another Auditor resulted to the outsourcing of audits. B. Will objectives be accomplished by June 30, 2014. Yes, the CAFR was submitted on time and two performance audits were completed. The Audit of County Vehicles was issued and the draft of the Furlough Audit was issued, with the final report soon to be issued and made available to the public with the County Administration's response to the findings and recommendations. We anticipate to receive the auditee's response on Friday, April 11, 2014. C. Obstacles and challenges. We had intended to hire a replacement for the Audit Manager who unexpectedly retired at the beginning of August 2013. However, even if the position would have been filled, the operation of the Office would not be up to standards according to the audit manual. A third auditor, who is uninvolved in an audit, is required to do an independent report review. An independent report review according to government auditing standards is an essential part of the audit process. The third auditor position was eliminated (dollar-funded) by the Mayor. Although the County Council has the ultimate authority on the County budget, and instead of supporting the legitimate and Chartered Office under the Legislative Branch, this body supported the Mayor and yet further cut the budget of the Office. With the loss of two-thirds of the audit capacity, the Office resorted to outsourcing the Furlough Audit. Number two, the financial audit known as CAFR for this fiscal year ending June 20, 2014 is covered by the last year of a four-year contract with the outside CPA firm of N&K CPAs. \$225,000 is included in this budget. To do an RFP for a new four-year contract, budgeted

money is required for the certification of funds, a pre-requisite by State procurement code. D. Strategies to address obstacles or challenges. We are requesting restoration (three-quarters funding) of the two auditor positions. Initially, I submitted full funding of the two positions. Number one. Staffing, the Mayor, the Chief Administrative Officers of the Executive Branch of County Government, requested to review a Legislative Branch's Office of the County Auditor budget for Fiscal Year 2014-2015. A meeting with him and his budget team took place in February. Cognizant of a budget crunch, I cut the salaries of the two auditor positions by \$13,026 plus related benefits of \$5,291 for a total of \$18,317 or 9.5%. The audit manager's salary was reduced to \$95,000 from \$113,250 and the staff internal auditor's salary was decreased to \$85,000 from \$89,776. I explained at the meeting about the Mayor's actions on the Auditor's Office's budget this fiscal year and how it affected the audit process and indicated the ramifications of his action. We were told in a similar meeting the year before that the Administration would inform me if he was going to cut the Auditor's Office. It did not happen. In the spirit kōkua and understanding the budget crunch problem, I initiated a call to the Director of Finance, that I volunteer to cut one-quarter of the already reduced salaries and benefits of the two auditor positions because realistically, I would not be able to fill the positions immediately in the first quarter. Lo and behold the Administration decided to cut another quarter of salaries and benefits, which makes the effective staffing back to a net of one for this year and even less because of the cuts I already made on the salaries and benefits of the two positions. What I find ironic about this is that the Mayor's action to deprive the Chartered operations of the Auditor's Office by further cuts to its budget and use these cuts instead to fund raises of his staff and others in the Administration. I respectfully request the County Council to restore the budgets for salaries and benefits for the two auditor positions for three-quarters of the fiscal year. The amounts I am requesting restored are \$45,000 in the salary budget and \$18,280 in the benefits budget. \$3,443 in Social Security Contributions, \$7,505 in Retirement Benefits, and \$7,332 in Other Post Employment Benefits. This schedule will show you what has happened. The first column will show the pre-budget, meaning to say that the starting salary of the two positions that I was going to restore and their corresponding benefits. Like I said, I initiated a cut of 8% on the Audit Manager of \$8,250. The Internal Staff Auditor by 5.32% or \$4,776 or the \$13,026 that I just mentioned a while ago. With an effective cut of 6.75%. Respectively, the benefits of 6.75% also \$6,262. Before I submitted the budget, I cut those salaries and benefits. So I submitted a full-year budget for the two positions at the reduced salaries and benefits. Like I said, I called the Director of Finance and said that I would like to cooperate because of the budget crunch and I am going to cut the first quarter of the salaries and benefits. The total cuts that I made was \$58,000 in salaries and \$28,000 in benefits make-up almost \$86,000 or 30% decrease. The desired budget would have been \$135,000 for the two in salaries and \$65,000 in benefits totaling about \$200,000. Then when I received the...I got a notification from the Director of Budget that they decided to cut another quarter. They made the starting salaries of the two auditors of \$90,475 for the Audit Manager and \$42,500 for the Staff Auditor and the corresponding benefits of \$43,265. In total, if you take all the cuts from the beginning, we are talking about 53.37% for both salaries and benefits totaling \$152,554. Remember, the budget this year compared to last year, there was a 32% cut already. Two consecutive years now, we are cutting the budget of the Auditor's Office.

Number two. Financial Audit. I included an additional \$225,000 to cover for the first year of a new four year contract commencing with the financial audit of Fiscal Year ending June 30, 2015 as required in an RFP process. However, cognizant of a budget crunch, I volunteered and suggested to cut the budget for the financial audit of \$225,000. This action would not violate the provisions of the County Charter, which provides for either an annual or biennial financial audit. However, the Administration took out the

\$225,000 but did not agree to a biennial financial audit with a commitment to work with the Auditor's Office to work on an RFP with stipulations that funding will be made available in the next fiscal year's 2015-2016 budget. The Administration took a position that this could be done in spite of the routing State procurement requirements to have the funds certified going into a new contract.

We will go to number three. Successes and Achievements for Fiscal Year 2013-2014. The 2013 peer review of the County of Kaua'i's Auditor's Office found our office to be in full compliance with government auditing standards issued by the Comptroller General of the United States. The Kaua'i County Auditor's Office was awarded the highest rating possible for quality and professionalism. Auditors from Richmond County, Virginia, and Phoenix, Arizona performed the peer review of the Kaua'i County Auditor's Office. The Association of Local Government Auditors coordinated the audit and selected the independent peer review team. The auditors reviewed our internal quality control system and performed procedures to determine whether our quality control system provided reasonable assurance of compliance with Government Auditing Standards for the period of January 1, 2011 through December 31, 2012. The Kaua'i County Charter requires that our audits be conducted in accordance with Government Auditing Standards. The peer reviewers identified the following areas in which our office excels: Implementation of significant changes to the audit process over the past year to comply with Government Auditing Standards. As a new audit organization, a completion of a peer review within three years of beginning work under Government Auditing Standards. Commitment by everyone on the audit staff to professional growth, with two receiving professional audit certifications since joining the Office, and a third pursuing certification. For the second time in three years, the financial audit for the fiscal year was completed according to the original schedule. Credit also due to the County Finance and Accounting Department, N&K CPAs, and KMH, LLP the Auditor for the Department of Water for their efforts to assist DOW in issuing their financial statements as scheduled.

Number four, upcoming plans and initiatives for the Fiscal Year 2014-2015. Plans: Our goals will remain the same. Our work plan objectives will track our goals. Our objectives reflect an increase in the number of staff auditors from one to two or two and a half. Should this situation change, we will revise our objectives. Objective one. Complete Annual Financial Audit for Fiscal Year 2013-2014. Objective two, issue audits that result in a 75% acceptance rate by auditees for recommendations. This objective is used by many audit shops, and is intended to ensure that audit recommendations are relevant, practical and of value to the auditees. We plan to do performance audits on the following areas in Fiscal Year 2014-2015: Management of Large Contracts and Change Orders of the Department of Water. To review the DOW's management of large construction contracts over \$5 million or other selected threshold. To evaluate how these contracts are managed, where processes and oversight must be strengthened for effective contract management and to meet the Department's business needs, and whether adequate administrative and quality controls were followed so contractors did not perform at levels below contract specifications or in noncompliance with contract requirements. The audit will also examine whether the Department is properly negotiating the price of contract change orders and adhering to procedures, whether additional procedures must be implemented to ensure that estimates are prepared for all applicable change orders, whether a change order is written for all changes that have a time and/or cost impact, whether standards for cost breakdowns are in place when change order estimates are prepared, and whether contractors and subcontractors are required to adhere to uniform standards for cost breakdowns when submitting proposed changes.

Number two. Human Resources Management, hiring practices. With the current budget pressures and with personnel related costs accounting for 60-65% of total County operating expenses, the audit will review all aspects of personnel practices related to hiring, transfers, and promotions; evaluate controls in place intended to ensure the fair, uniform, and transparent selection of the best employee for the position; assess the efficiency, effectiveness, and compliance with rules, regulations, and agreements of the solicitation, evaluation, and appointment processes; identify opportunities for business process improvement and determine best practices in these areas; and evaluate the overall system providing such services.

Number three. Human Resource Management – Payroll and Compensation Practices. This audit, because 60-65% of the County's budget is related to personnel expenses, is also a logical starting point for assessing the County's business processes. This audit will determine whether the County's control practices, policies, and environment related to payroll activities adequately and appropriately operate to assure that personnel, timekeeping, and payroll systems are in compliance with established rules and regulations; ascertain whether the policies, procedures, rules, regulations, and protocols are uniformly and consistently applied throughout the County and ensure that pay and benefits are accurate, appropriate, earned, and paid to its employees; assess whether the County's administrative and departmental activities assure that amounts spent for employee compensation are prudent and in the best interest of the County, its employees, and residents to ensure the fair and appropriate use of County funds; and evaluate whether the County has established appropriate and sufficient rules, regulations, policies, procedures, and practices to safeguard County assets, provide appropriate checks and balances, and ensure the transparency and accountability of government.

Upcoming Initiatives: The Office of the County Auditor will continue to offer to make presentations to the public through organizations such as the Kaua'i Chamber of Commerce, Kaua'i Filipino Chamber of Commerce and other community groups to explain the role and responsibilities of the County Auditor and the audit process. The presentations will be similar to the one made to the Lihu'e Business Association, for which OCA received positive response from members and attendees. Also to continue to offer the County Department Heads, managers and supervisors, presentations regarding the audit process to help County employees better understand the role of the Office of the County Auditor and the ways in which audits are typically conducted.

Challenges. Staff vacancy. Filling the positions of performance auditors. One Audit Manager and two Internal Staff Auditor. Page 6. County Fraud Hotline Program. To do a feasibility study of establishing a County Fraud Hotline Program. The study would research on how other audit jurisdictions are administering such a program and at what costs and results derived from their programs. The objective of the Fraud Hotline is to provide a means for a County employee or citizen to confidentially report any activity or conduct related to or involving County personnel, resources, or operations for which he or she suspects instances of fraud, waste, and abuse.

The Office of the County Auditor's Fiscal Year 2014-2015 budget of \$1,037,311 is \$2,313 or 0.2% higher than the Fiscal Year 2013-2014 budget of \$1,034,998. Salaries which represent 32% of the total budget, show a decrease of \$9,322 or 3%. Benefits, which represent 15% of the total budget, show a decrease of \$27,443 or 15% which was due to a combination of two factors, reduced salaries and adjusted benefit rates. Utilities which represent 1% of the total budget showing no change reflecting the continued benefit from

economies of scale from the consolidation of two offices previously occupied by the Office and energy conservation practiced by the Office. Equipment & Building Leases, which represent 5% of the total budget, show a decrease of \$1,496 or 3%. Operations, which represent 48% of the total budget, show an increase of \$40,574 or 9% which was mainly due to an increase in Other Consultant Fees of \$40,000 or 26%. Budget for Continuing Professional Education, which involves the auditors to earn 80 continuing professional education (CPE) hours within two years to be able to do audits, a requirement by Government Auditing Standards, decreased \$1,192 or 4%. Organizational Memberships, Dues, and Subscriptions decreased \$2,314 or 38%. The Operations budget includes \$225,000 for the annual Comprehensive Annual Financial Audit also known as the CAFR and \$195,000 for the procurement of forensic auditors and consultants to assist the Office in conducting performance audits. The budget also includes \$15,500 for the Office's secured network. During the Association of Government Accountants seminar held in Honolulu, the auditors of the jurisdictions in Hawai'i discussed the importance of having a system to securitize sensitive audit files by having a stand-alone server, firewall, and telephone system. The other jurisdictions have such a system with the exception of the Office of the Kaua'i Auditor. The setting up of the system has been discussed with IT management. No definite solution has been determined or how much it will cost but efforts will be under way to utilize the in-house system and the budget for this purpose will be used to accomplish it. Using a Cloud System has been mentioned.

The next page shows graphs showing how salaries and benefits and utilities and equipment and operations are represented in the total budget. Do you want me to cover this one or just go to the next?

Mr. Rapozo:

You can go to the next.

Mr. Pasion: Page 8. Vacant Positions. One Audit Manager Exempt. Salary of \$95,000. Vacant since 08/01/2013. One Staff Internal Auditor, Exempt. Salary of \$85,000. Vacant since 01/07/2013. We plan to request restoration of three-quarter funding for these positions. Contractual positions, none. Critical positions with impending retirements or departures. County Auditor (term ends on September 15, 2015). Education and training plan for this position. Staff member working on Certified Internal Auditor credential.

Number nine. Statistics. Three year actual expenditures, you have it in your book. Transfers from various accounts and reasons for the transfers. On January 17, 2014, a request for appropriation and allotment adjustment form was submitted and was approved by Vice Chair Chock, Sr. The funds were needed to do performance audits. It shows transfer of salaries and benefits of \$147,000 to Other Consultant Services. That represents my presentation for this budget review.

Mr. Rapozo:

Thank you Mr. Pasion.

Mr. Pasion:

You are welcome.

Mr. Rapozo:
that you just passed out.

One clarification question on the spreadsheet

Mr. Pasion:

Yes?

Mr. Rapozo: If you look at the top line, the 1st quarter Auditor's total cut percentage, that next column shows nine quarters, should that be a 3?

Mr. Pasion: Yes, nine months, three-quarters, yes.

Mr. Rapozo: So that is what you desire? I see the salaries on the bottom benefits portion is that the total? Social security contributions \$10,328, is that total?

Mr. Pasion: The total for the two positions.

Mr. Rapozo: Just for the two?

Mr. Pasion: Yes.

Mr. Rapozo: Then the Health Fund, Retirement and OPEB, all of those have been adjusted for the two-quarter period? Because this budget represents six-month funding of the two positions, right?

Mr. Pasion: That is correct.

Mr. Rapozo: Are the benefit line items have they been adjusted to the six months as well?

Mr. Pasion: The budget that was included in the Mayor's submittal of March 15 or March 14 reflects the two quarters, the Mayor's budget. That is what you are seeing. What I am requesting because of the additional quarter of budget cut that the Mayor took from my budget, despite the fact I volunteered to cut one-quarter of my full-year budget. So to get...what I am requesting is that the three-quarters numbers should be reflected in the Auditor's budget. Restoring the one-quarter cut the Mayor took from the budget.

Mr. Rapozo: Do you feel confident that you could fill the Audit Manager and Auditor II positions by July?

Mr. Pasion: I volunteered to cut the 1st quarter because I mentioned it would be unethical for me to like now look for the two positions without the moneys.

Mr. Rapozo: Right. So assuming the budget passes though, can you hire those two positions?

Mr. Pasion: I will do my best to bring in the two positions beginning of the 2nd quarter.

Mr. Rapozo: Okay. Thank you. Any questions. Mr. Kagawa?

Mr. Kagawa: Yes. So I was just wondering, Ernie, so where is...where are we in the process of hiring the Audit Manager and Internal Staff Auditor?

Mr. Pasion: We are not there, because I find it unethical for me to start hiring if I do not have the approval of the Council to have a budget to hire.

Mr. Kagawa: Have you worked on the language?

Mr. Pasion: Yes.

Mr. Kagawa: As far as what kind of qualifications we are looking for?

Mr. Pasion: Yes. We have the position descriptions established already.

Mr. Kagawa: Are we looking for CPAs for any of those?

Mr. Pasion: Well, it will depend on what is available in their submittals. If you look at the...I brought with me a copy of what was...

Mr. Kagawa: The old position? Can you send that later?

Mr. Pasion: The City Auditor's Office was looking for three people and they are looking for people that are experienced in performance audits. You know, there is a difference between financial audits and performance audits as you know. You told me you worked for a CPA firm before you joined the County.

Mr. Kagawa: Yes. Well let me tell you this, Ernie, it would not hurt to have a CPA who has experience in government audits to work in that position. It is not a bad thing to have certified public accounting experience.

Mr. Pasion: Agree. The reason I say that by Charter we are required by the Charter to bring in CPAs to do our financial audit. To do a performance audit is a different animal. But if I can find a CPA that is good in performance audits because what I will do in the selection process is I will be asking for what they have done in performance audits also?

Mr. Kagawa: Ernie, I think we went over this the last time and you brought up to me, when Marion Higa, we asked her what kind of people worked in your Office and she does performance audits for the State?

Mr. Pasion: Right.

Mr. Kagawa: She mentioned almost all of her staff had CPAs.

Mr. Pasion: To the contrary, I have to differ with you. Maybe five.

Mr. Kagawa: Five out of?

Mr. Pasion: Maybe 26.

Mr. Kagawa: Well, we have to check that number. If you can, to me, it would not hurt to have one CPA in there is all I am saying. The other thing, Ernie, if we give you the additional three months, which I do not want to just give it if we

are not getting something in return. But if we do that, what additional audits could be performed by having that additional three months of two people in there?

Mr. Pasion: Well, first of all, when you bring somebody, you have got to know what is involved first. You have to do orientation. You come from a different municipality, you have to acclimate.

Mr. Kagawa: Hard to tell.

Mr. Pasion: I have been looking at what performance audits that they have done in the past, when we do not do the first time we hired somebody from the mainland.

Mr. Kagawa: Another question, is there any consideration to look into the County Attorney's Office regarding the performance of outside counsel that we have recently incurred? An audit to review maybe all of the billings that we have been getting and to match it up with the work that is being performed? Because I really feel like we are not...the County Attorney's Office is not managing and reviewing those billings. I think we are just taking it for word and I would like to see an audit that actually goes in and matches the hours being billed to work that they say is being performed. Do you think that is maybe on the horizon?

Mr. Pasion: We would be more than willing do it provided we have the manpower. Auditors, we are not Attorneys, yes? And to get legal expertise to go through the contracts and hiring Special Counsels and how the contracts are administered? Are we paying them before the services are performed? I do not know. So it will depend on the kind of funding that you guys will provide and that is one of the reasons why we are approached by the public sometimes we tell them go to a Councilmember, because they represent you. You voted for them. If you come to me, and I do not have the funds, I cannot do anything. So there is a provision in the Charter, which is by resolution you pass a resolution...maybe with another Councilmember and have it passed and it comes to me and we look at it and say, okay, we need funding for this thing. We will be glad to do it because we recognize the difficulties that you are going through with what is going on with all the cases that have been coming before you.

Mr. Kagawa: Well, one more question. Regarding some of these Public Works contracts that go out. The ones that concern me most are the ones that are sole-bidders. Have we ever audited those cases such as...I heard that road resurfacing contracts a lot of time only one person bids. So do we have any plan to look at whether the County is getting a fair price? Or are we letting the companies in some cases overcharge us for our work because we do not have enough competition bidding? Do we look at any road resurfacing?

Mr. Pasion: I do not know that it is legal to come up with a capital budget for CIP projects and instead of coming up with the numbers for each project...let us say that you come up with \$10 million or whatever, \$20 million and that amount is four different projects, but you do not...this is how they do it in the private sector. That is why I am saying they do not tell the people upfront this is how much we are going pay for this project. You have money in there, and you say, okay, you guys submit your bids and we will evaluate your qualifications and past performances and the amount you are going to bid.

Mr. Kagawa: Well, I guess I just want to make sure what is happening, one time somebody announced to me the figure and I forget the total amount of the work that was done by the State in front of KCC and the amount, when I heard it, I was flabbergasted, Mr. Hooser's word, by the amount of that contract and I just thought to myself, that cannot cost that much. Anyway, I just wanted to see if we would be looking maybe at the same thing, maybe at the Auditor looking at some of our County contracts because I think wherever we can cut government waste, we need to look at it. I thank you for your work.

Mr. Pasion: Well, Councilmember Kagawa, I want to invite you to come to my Office and I can show you what kind of list we have. We can only submit because of limited resources and the budget crunch of the County, what is going on with the County, I can only submit...so please visit with us.

Mr. Kagawa: I will take you up on that offer, Mr. Pasion.
Thank you.

Mr. Rapozo: Mr. Bynum then Mr. Chock.

Mr. Bynum: Just about the positions. One of the audit
positions was dollar-funded?

Mr. Pasion: Yes.

Mr. Bynum: That was the one that has been vacant since?

Mr. Pasion: January 7, 2013.

Mr. Bynum: But the other position has been vacant since
August 2013. That was a retirement?

Mr. Pasion: Yes.

Mr. Bynum: Why have you not filled that position that is in
the current budget, right?

Mr. Pasion: Even if I fill that position, I operate on a three-
leg stool. So even if I hire one, I would not be able to operate anyway, because this is how it
works, Councilmember. I work with the lead auditor. I work with an auditor and we work
together and make sure that everything is in order. When we are done, following
government auditing standards an uninvolved auditor has do an independent report
review, IRR according to government standards to review what we did and make sure it is
in order because it goes for auditee response.

Mr. Bynum: You are saying the ethical constraints of your
Office require all three positions?

Mr. Pasion: We have to comply with the law. The
government audit standards are law.

Mr. Bynum: I will ask for an opinion on the government audit standards and was this ever definitively decided by the County Attorney? Was there an opinion?

Mr. Pasion: I do not know. We are following the Yellow Book. If you think about Maui, Maui can do that. Maui in their Charter...

Mr. Bynum: I still do not understand that why when you had a retirement, presumably you knew about that, why did you not move to fill that position?

Mr. Pasion: Even if I had to fill that position, I would still be unable to do an audit.

Mr. Bynum: That was your circumstance since January 2013?

Mr. Pasion: Yes.

Mr. Bynum: Were you anticipating that that position would be short funded in the next budget? I do not understand, you had that position and circumstance with one of the positions dollar-funded. That person retired, I would think you would have been looking for a replacement effective when that person retired and you would get the paperwork going?

Mr. Pasion: Well, my operation was distracted by voluminous requests for information from the Council Chair at the time.

Mr. Bynum: Well, I do not want to go into that.

Mr. Pasion: Well, I am giving you the reason why.

Mr. Bynum: I am just trying to understand why you had that position and it is funded right now in the budget until July 1st, right? What precludes you?

Mr. Pasion: It was not funded. It was dollar-funded.

Mr. Bynum: I am talking about the position that was vacant effective August 2013. You could move to fill that right now. There is no constraint?

Mr. Pasion: I used that money already for an audit. I just mentioned in my presentation that I transferred...if you look at the last page of my presentation, Councilmember that I used with the approval of the Council, I used \$147,000 to hire outside CPA consultants to do an audit. So I do not have the funds anymore.

Mr. Bynum: Thank you for that answer.

Mr. Pasion: Even if I had to hire somebody, I would still be short to do an operation that is required of me of the Office by the government standards.

Mr. Bynum: If nobody has done this, I am going to request an opinion from the County Attorney, if that is an accurate statement because I have heard that from you and I do not presume to know, but I have also heard that is not accurate. If you have that kind of question in our system, we ask that of the County Attorney. If staff is

listening, we can figure it out. That Ernie, that position you would have moved to fill it immediately and would be fully funded in the next budget and we would not be discussing here at budget the other position. So I am surprised to see both positions half-year funded. That was a surprise to me. Thank you for answering the questions.

Mr. Rapozo: Thank you, Mr. Chock.

Mr. Chock: I thank you, Chair. First, Mr. Pasion, I just wanted to thank you for being patient with me as I have had the opportunity to oversee your Office since the Chair is recused from participating. My first question was regards to the follow-up question that Councilmember Kagawa had regarding a certified accountant. Now I did see in your presentation that you do or you folks are moving towards training a staff member to be certified, is that correct?

Mr. Pasion: Yes, going through certification.

Mr. Chock: So how much does that cost us to certify that person?

Mr. Pasion: There is a fee to get the materials and go for the test and maybe...I do not want to guess right now, but I can come back and provide you that information.

Mr. Chock: Okay. Thank you. So did that training or certification start the previous year? I guess I am trying to figure out how long it is going to take and how much is going to cost us to get somebody on board to move us where I guess you are going towards internal performance audits? Can you give us an inclination when that is going to happen and how much it is going to cost us?

Mr. Pasion: I will forward you that information.

Mr. Chock: The other question I had was regarding the specific audits that you have done. So I am just looking, can you tell us how many audits were completed in Fiscal Year 2014?

Mr. Pasion: Two.

Mr. Chock: Two audits?

Mr. Pasion: One financial audit with the County, and then two performance audits. The County Vehicle and the other one is the Furlough Audit. The draft was issued and you guys got copies. You got the response from the Administration last Friday and in about a week or two, we will get it out.

Mr. Chock: So we have got approximately three...two to three audits that are completed a year. Is that the average that we can expect from the Office to complete each year?

Mr. Pasion: It depends on the resources that we have.

Mr. Chock: So comparative to other Counties is that about typical? I know the total budget is \$1 million. Is that what we can expect for three audits a year?

Mr. Pasion: That \$1 million you are talking about, Vice Chair, includes?

Mr. Chock: Everything?

Mr. Pasion: I do not know, but as for the other jurisdictions in Hawai'i we do good networking and understanding a call was made to the Big Island and asked how many audits that that they did last year and they were told?

Mr. Chock: What was that?

Mr. Pasion: Zero.

Mr. Chock: They did zero last year? Good then. How much did they pay for zero? So that is interesting. So out of the three, how many of those were external? Done by contractor? Or someone outside of your Office?

Mr. Pasion: We had the first one we did was energy savings audit and for example, this building here was in that audit and despite the fact we had the furlough, it was done in-house, by Lani Nakazawa. According to the findings, it was an increase of wattage use, as well as dollars used because of the increasing or fluctuating energy costs of KIUC. Because nobody was accountable for the use of the energy including this building. Just like having a rental and you tell the tenant...

Mr. Chock: I can tell you that it is probably because of Councilmember Yukimura and former Councilmember Nakamura who stayed here to the wee hours of the morning...sorry for interrupting, go ahead.

Mr. Pasion: I was trying to refer your landlord and you say to the tenant, you rent this house and all utilities included, do you think that tenant will be...will have the diligence to conserve? Because it is in his rent anyway and even ask his friends to wash their cars or just leave the lights on...so that kind. So that was one audit.

Mr. Chock: How many did you hire out to do?

Mr. Pasion: When we did the Kīlauea Gym, we did the Kaiākea Fire Station and it was in-house but we had to use consultants because we are not engineers.

Mr. Chock: One internal and two external?

Mr. Pasion: Yes, I think that I responded to your memo of last Friday.

Mr. Chock: Thank you.

Mr. Pasion: I did not have much time.

Mr. Chock: I understand. This leads me to I think our kuleana is to try and help you move towards getting some of these audits completed, which would be helpful if we could receive some sort of understanding what are the proposed audits? Not that we want to make a determination of what audits you intend to do, but also a cost associated with those, so we can look at the budget objectively and make a decision, if we can support those or not? Unfortunately we do not get those ahead of time and I know it is difficult for us to do that. That is my only concern as people need to look at the budget.

Mr. Pasion: Vice Chair, if you could make a comment on what you just said? When we did the Vehicle Audit, we had...we issued it at I believe \$75,000 and they found there was other stuff to be addressed. What I am trying to say here a financial audit they come in August and are done by December and follow an auditing template. If I need something...on a performance audit you do not know until you go out there and say we have to do more. I can tell you an amount, but that amount is maybe not enough. That is why on that audit we had to come back. We had to amend the contract twice.

Mr. Chock: I hear you, sounds like Special Counsel. I hear you. Thank you. Now there are six...I am looking at this one here, June 27, there are six audits proposed back on this day. Of those I am not sure how many were completed or not, but the ones that were not completed are you still in the process of completing them? Are they off the list?

Mr. Pasion: They could be on the back-burner.

Mr. Chock: So just potential?

Mr. Pasion: Yes, you do not know what comes up based on the conditions that arise. You do not know of. So you might have the list, but it might be on the back burner for now and more important audits could be addressed. That is why I invite you to come to my Office and we can show you.

Mr. Chock: You mentioned you are going to share more detailed criteria of how you select these audits and I do not want to take any more time on the operations part of it, but two more questions. There has been a lot of discussion at this Council about trying to save some income on your location, which it looks in your budget is \$47,000 a year for the building lease. My only question, how do you feel about, if there was a possibility of you moving to something that was available?

Mr. Pasion: Big Save is available. I submitted the space requirements to the Council Chair and I said I need 2,000 square feet.

Mr. Chock: Okay. How much can you say?

Mr. Pasion: 2,000 square feet.

Mr. Chock: 2,000 square feet. Okay. Lastly, you talked about the cuts in your spreadsheet that you handed out and how much you were willing to give and then what you are asking for. I know there was a request and a question from us about obviously there are cuts across the board, you know, in our County? So I had a question for Ernie and Steve about what these cuts were. We do not have to answer those now, but at the end of the questions we will ask that. That is all, Chair. Thank you.

Mr. Rapozo: Councilmember Yukimura.

Ms. Yukimura: Hi Ernie.

Mr. Pasion: Hi.

Ms. Yukimura: First of all on page 1 of your presentation, you say that an obstacle or challenge to getting the CAFR done was the loss of an auditor.

Mr. Pasion: Yes.

Ms. Yukimura: Or liaison to outside auditors. Do you need an auditor to get the CAFR done? Do you need an auditor?

Mr. Pasion: Yes.

Ms. Yukimura: Do you need an auditor in your Office?

Mr. Pasion: Well, what we do, we administer the contract.

Ms. Yukimura: Right.

Mr. Pasion: We facilitate...they come to us and if they have any problems with...

Ms. Yukimura: You know, financial audits are pretty perfunctory in a sense and prior to having a County Auditor, did the County Council do audits without an auditor...financial audits? So how many hours of oversight do you say that is needed for this CAFR?

Mr. Pasion: Not that many.

Ms. Yukimura: Not many?

Mr. Pasion: Not that many.

Ms. Yukimura: Do you need a CPA for this?

Mr. Pasion: Not necessarily.

Ms. Yukimura: Okay. Because that is what I thought, too. Because I know that we did it before we had a County Auditor.

Mr. Rapozo: I think the Finance Department was really the...it was not the Council.

Ms. Yukimura: They do a lot of interface with our contractual auditor, because they have to access all of our financial records and things.

Mr. Rapozo: But I think it is important for the public to know that before the Auditor it was not the County Council who did the audit, but the Finance

Department who was in the driver's seat and not the County Council or County Clerk. We funded it, but a lot of the work was done by the Finance Department and Council Services as well, but not the County Council.

Ms. Yukimura: Right. On your proposed audits, are you planning doing this in-house or with outside consultants? You have three you are proposing here, management of large contracts, and change orders in the Department of Water. Human Resources management hiring practices and Human Resources Management payroll and compensation. Are you planning to go outside contract or in-house?

Mr. Pasion: Depending on the people that we will hire in the 2nd quarter. As a matter of fact if you look at the Department of Water, that is highly technical. So we would need outside help.

Ms. Yukimura: Okay. So you do not know at this point whether you will you do it outside or inside? You cannot tell just by the nature whether it is better to be inside or outside?

Mr. Pasion: For example we did the Kaiākea Fire Station and Roads Maintenance and we did the Kilauea Gym and it was...we hired Manthos as a technical consultant.

Ms. Yukimura: I remember.

Mr. Pasion: We can do the same thing depending on the human resources that we have.

Ms. Yukimura: I am thinking in proposing it you must have some idea about what needs to be done and what you are targeting? So you would have some idea about how you would go about it.

Mr. Pasion: Like I said, we definitely would need outside help because we are not also experts in the human resources.

Ms. Yukimura: Okay. So I guess I am wondering why you are focusing on Human Resources both hiring and payroll, because it is in such flux and they are shifting over, so you are going to be trying to analyze a moving target. They are actually...they are doing a new format. So even if you say, the old format was wrong or the old practices were wrong, they are already changing it, both in the hiring process and payroll and compensation. They are into this change. So what are you going to be analyzing? Because whatever you are analyzing is changing into something that you do not know what it is going to be yet?

Mr. Pasion: Well, that is a good point. That is the reason why we need to bring experts in this area, because we do not know what is...with the furlough. We came up with the furlough. If they had consultants to have guided them to start with, maybe we would not have been in that.

Ms. Yukimura: That may be true, but the thing that they have gathered experts. They are working in-house with the people now in Human Resources. They are crafting a whole new system. So to me, I am not sure how fertile grounds it would

be to analyze an obsolete system or a system that is not yet in place? I guess I would like to know of the six proposed audits that you proposed in June of last year, why you are moving to these contracts rather than the ones that you proposed?

Mr. Pasion: It is because I just said that 60-65% of our total costs are personnel-related.

Ms. Yukimura: Yes.

Mr. Pasion: We are in a budget crunch and so it requires the attention to be audited.

Ms. Yukimura: Well, you know what you should audit is the Collective Bargaining System and not the payroll and compensation. That is already set. It is more an accuracy issue.

Mr. Pasion: You could do that, and hire experts to do that.

Ms. Yukimura: I am thinking that you want to be...you want to do things where you are the most useful, right? I do not see how you can be useful in a changing system? Because the old is no longer there and the new is not yet in place. So to me, it does not quite make sense as the best use of what are very expensive resources. Salaries for CPAs and stuff. Especially when there are places like Solid Waste that have been generating many problems, and you could go there instead. So coming back to the structure of your Office, you are saying that... one of your goals is two positions an Audit Manager and Internal Staff Auditor. Right?

Mr. Pasion: Yes.

Ms. Yukimura: Have you thought that maybe you could have two of these functions in one person? You could have a good manager who has a CPA?

Mr. Pasion: Like I said, Councilmember Yukimura, we follow the government auditing standards and it requires us to have three to operate.

Ms. Yukimura: I have not been able to find in the audit manual...maybe you can show me where it requires three. Because what my understanding is that it requires some internal quality assurance program, but it can be achieved by a checklist, which I think was proposed to you over a year-ago. Or some other processes. Does not necessarily mean three people is my understanding or maybe you can show where it says "three people?"

Mr. Pasion: It is covered in the independent review.

Ms. Yukimura: Can you show me?

Mr. Rapozo: Let us send it over. Mr. Bynum and Mr. Kagawa both addressed that issue and let us move on to new questions.

Ms. Yukimura: My question are there no other ways that you can satisfy the internal...what did you call it?

Mr. Pasion: Independent review.

Ms. Yukimura: Independent review.

Mr. Pasion: An uninvolved auditor has to be reviewing what the auditor and myself are working on.

Ms. Yukimura: I know that is one way to do an internal review, but my understanding is that you do not need three people. For example, we have a really tight budget, that could you actually could it with two people and some internal procedures.

Mr. Pasion: Maui, if you look at Maui's Charter, they did not include the government auditing standards and they can operate with two. They are in the process of hiring a third one, because even though they did not have it like that, they would like to follow the government auditing standards.

Ms. Yukimura: You just said that Maui incorporated the standards in their Charter?

Mr. Pasion: No, they are not incorporated in their Charter. The government auditing standards are not incorporated in their Charter. The auditor can hire Special Counsel too.

Ms. Yukimura: So we do not have the auditing standards in our Charter either.

Mr. Pasion: Yes we do.

Ms. Yukimura: We have reference to it.

Mr. Pasion: We do.

Ms. Yukimura: Okay.

Mr. Pasion: We have to conform to it.

Ms. Yukimura: Right. I think we applauded you when you adopted the auditing manual.

Mr. Pasion: It is passed by peer-review.

Ms. Yukimura: If you could just refer us to the chapter that requires three people, that would be good, the provisions. I think that is all.

Mr. Rapozo: Councilmember Kagawa.

Mr. Kagawa: Thank you, Ernie. If I look at the Consultant Services line it stayed the same at \$225,000.

Mr. Pasion: That is for the CPA.

Mr. Kagawa: CPA.

Mr. Pasion: That last year, four years.

Mr. Kagawa: And the other account underneath is "Consultant Services?"

Mr. Pasion: Yes.

Mr. Kagawa: In this current fiscal \$155,000 and for next year the Mayor approved \$40,000 additional.

Mr. Pasion: That was the same amount cut by Council in addition to his dollar-funding of one position last year. So we are restoring the \$40,000. The reason that we have that...like I said, when you start a performance audit, you do not know...even though you have a contract, for example, you do not know how much it will cost you when they go in and look at what is going on and say, my gosh we have other findings that need to be investigated. Then you are exposed to more expenses. I am using it like contingencies.

Mr. Kagawa: Are you comfortable with \$195,000?

Mr. Pasion: A while ago you talked about auditing the County Attorney...that would not be enough.

Mr. Rapozo: The Chair had asked if the Council wants to do a resolution to initiate it or have the Auditor's Office, it would have to be accompanied by a money bill. So I think what Mr. Kagawa is asking, is just not new audits, but what you have?

Mr. Kagawa: That is correct. I mean, I know the perception is that the Mayor is cutting and cutting your budget and not letting you do your job, but in this account I see he gave you \$40,000 more so that tells me that he supports you getting your audits done in that area. He could have cut it back to what it was last year. But he left that in. Like I said, Ernie, if we can get and it does not have to be right now. But I think you mentioned for the additional three months, if we could fund that back in, I want to know how long are these two individuals going to need for training? Then what more as in how much more percent of those audits can be benefited by getting those workers on three months ahead? I think if we get that kind of justification, it would be easier to support instead of just saying well that it is three months' more of training. It is too broad.

Mr. Pasion: It depends on the quality of people applying for those positions.

Mr. Kagawa: True.

Mr. Pasion: Maybe they do not need that much training. Like I said, we failed to do...it took us six months to hire somebody and we tried our best. So next time we are going to...not to find out that the orientation of the person was more of the financial auditor than performance auditor and this time we are going for performance audit background.

Mr. Kagawa: I understand, Ernie. I really feel strongly that it is up to Personnel and your job description to hire two people that can really boost the efficiency and work. Because in the end, what you are talking about for the Auditor Manager is \$100,000 a year job and there are a lot of people who have good qualifications that could really help you at that salary. As far as the Internal Staff Auditor, that position is in excess of \$80,000 a year. I think you can find a really good CPA who may be interested. Because being in a CPA role I was there. It is not a 40-hour a week job like the State and county. So I think you can find it. You know, I want to help you, but just give us that justification and for me, I will have an easier time supporting it if you can say how much more the County gets for bringing them in three months earlier. Thank you.

Mr. Rapozo: Ernie, I have a question on the \$225,000 for the County financial audit. What was it you said? If you could say that one more time?

Mr. Pasion: I remember the first time we took over this Office and we had to submit a money bill because when you are in the last year of a contract to get a new auditor on board, you have to do a certification of funds.

Mr. Rapozo: Right.

Mr. Pasion: Funds have to be available to do a contract. At the time we were not aware of that.

Mr. Rapozo: Right.

Mr. Pasion: So we had to submit a money bill. So now cognizant of that, what happened in the past, we wanted...we added \$225,000 in addition, to the \$225,000 for last fiscal year's financial audit. Because of the budget crunch the Administration was looking for moneys to cut and they...I volunteered to take it out, because I said well the Charter does not require us to do annuals. They can also be biennial but because of the fact that we do single audit, we get grants from the government and we also issue bonds. We float bonds and the bondholders that would like to make sure that our books are audited. They said that they have to have annual audits. But they said they will help us get that contract with the proviso that the money will be available in the next Fiscal Year of 2016.

Mr. Rapozo: So \$225,000 goes to pay this last audit?

Mr. Pasion: Right.

Mr. Rapozo: We need another \$225,000?

Mr. Pasion: Right.

Mr. Rapozo: To be certified before you can go out?

Mr. Pasion: That was my...what I planned to do.

Mr. Rapozo: Okay.

Mr. Pasion: But the Administration they needed the \$225,000 for something else.

Mr. Rapozo: So the \$225,000 that we are showing in the budget right now is for?

Mr. Pasion: For the fourth year of a four-year contract?

Mr. Rapozo: Next year's audit?

Mr. Pasion: Fiscal Year ending June 30, 2014.

Mr. Rapozo: So that is the final year of that contract?

Mr. Pasion: Yes.

Mr. Rapozo: That is what this \$225,000 is for?

Mr. Pasion: Yes.

Mr. Rapozo: When you go out to bid for next year, another four-year contract?

Mr. Pasion: Could be four or five-years.

Mr. Rapozo: We need to have that money certified before you go out?

Mr. Pasion: That is the process we followed the last time and we were told that they can help us do that process and with the proviso that we tell the prospective bidders that the money would be available the following year.

Mr. Rapozo: Okay. Got it. Any more questions of Mr. Pasion?
JoAnn.

Ms. Yukimura: So do you know that figure on page 159 of your budget? You have \$195,000 for "other professionals."

Mr. Pasion: Yes.

Ms. Yukimura: So you could use that for any contract hire that you want that would help you with any of the audits you are going to do, right?

Mr. Pasion: That is correct.

Ms. Yukimura: You are saying that is not enough?

Mr. Pasion: No I am not saying that is not enough. I said it is not enough if, Councilmember Kagawa says we would like do an audit of the County Attorney's Special Counsel.

Ms. Yukimura: We were just talking about...we understand as Councilmember Rapozo pointed out, that if we add any additional audit responsibilities on you through a resolution process, we have to give you the money to do it.

Mr. Pasion: That is correct.

Ms. Yukimura: So that is not in this picture right now. So right now given what you plan for this coming year, this \$195,000 is sufficient?

Mr. Pasion: Yes.

Ms. Yukimura: Okay. Thank you.

Mr. Pasion: You are welcome.

Mr. Rapozo: Thank you. Any more questions? If not, thank you very much, Ernie. I just have a couple of comments. You know, I hear a lot about the Auditor's Office only did this many audits. The reality is that this Council prior to the Auditor's Office had \$400,000 a year for performance audits and since I have been here, we never did any. We did the Kilauea Gym. I think that is what the Council did. To say that the Auditor's Office only did two, only did three, what did this Council do with \$400,000 and not just this Council, but the one before and the one before. I just want the public to understand that two or three audits, yes the price tag is high, but it is what it is. That is what it costs these days. For example, Public Works, let us use the Fire Station or a Building project. You cannot tell me there are no County workers and liaisons asking for what you need, because they all have them. Highly paid people act as liaisons between the Auditor and the County. If you are going to do a Special Counsel audit and I will tell you I will get with Mr. Kagawa after this meeting and we will introduce that resolution. You cannot expect a CPA to do that audit. I am an investigator by trade and many years' of experience, but I could not do that. A CPA could not do that because to dissect the bill of an attorney in a law firm, you need an attorney and you need to know what the different billings actually mean. So I think we have to give you credit for what you are trying to do and we have not given you the resources. We have not given you the resources and unexpected retirements, that kind of stuff puts a damper. The other thing is that the whole purpose of setting up the Legislative Audit Division or Department was so that it would be independent. It has to be independent. I mean, I have a ton of audits I would like to see you do, but you are the Auditor. You give us the Audit Plan, and that is where it is going to go. I think we have to give you that. We have got to give you that authority to do so. It is not cheap. It is not cheap. But I think what...there is some difference of opinion as far as the audit or good audit or bad audit and I think they are good audits because I think they are complete. The people that you have hired and the people in your Office, I think have done a great job in the audits. But I just wanted to make sure that the public understands that it is not just anybody can go do an audit, an investigator just hires someone to do an audit. It is not that simple. You have to have expertise in the area that you are auditing, which requires you to have that special fund. I just want to make sure that we as a Council give you the tools that you need and then be judged based on what you request. In other words, you prove it to us that you can do the job, but we have to give you the tools. We have got to give you the tools. It is hard to go into the Super Bowl with eight players and the other team has eleven. You cannot do that. I just wanted to make those comments. So you understand that we appreciate. Any more questions? If not, who is next?

Mr. Chock: Chair, can we call up Ernie because I think it might be beneficial.

Mr. Rapozo: The other Ernie?

Mr. Chock:

Yes, Ernie Barreira.

ERNEST W. BARREIRA, Budget and Purchasing Director: Good afternoon Committee Chair Rapozo and Vice Chair Chock and Councilmembers, Ernie Barreira, Director of Procurement and Purchasing. I think for many months including today, early this morning and even in the earlier testimony just a little while ago, there has been rather inaccurate testimony submitted to deliberately mislead perhaps about assertions that it, the Office of the Auditor has somehow been treated unfairly or inconsistently as compared to other County Departments and Agencies especially in terms of the execution of the Fiscal Year 2014 budget. As part of that Fiscal Year 2014 budget execution, the Administration undertook two major budget reduction initiatives that cut across Departmental and Divisional lines, the end result was a reduction of the budget submitted to the Council. I will be submitting this in writing for the Council to review. To highlight a few of those to accentuate the fact...

Mr. Rapozo:

Sorry about that.

Mr. Barreira: I would like to highlight without going through the expansive list of a few of the cuts that we had undertaken as part of that major and comprehensive budget reduction exercise. We cut \$1.7 million in Public Works General Funds as a budget reduction exercise. Another \$997,000 in the Department of Finance. The Police were asked to cut \$1.8 million...excuse me, \$1.6 million as part of that reduction exercise. Office of the Prosecuting Attorney, \$256,000. Office of the County Attorney, \$652,000. Solid Waste and Special Funds, \$2.4 million and even the Transportation Agency, \$2.5 million. The bottom line as I had repeated earlier is that a total budget reduction of \$9.6 million. That came over to the Council. The end result of that after the Council exercised its Charter authority to exercise and execute the budget was a full reduction of \$8.1 million after all adjustments were made. The Staff Internal Auditor position was dollar-funded as part of our budget 2014 reduction exercise. That is correct. Just as was the Deputy Prosecuting Attorney that was dollar-funded last year and as you are well aware ladies and gentlemen of the Council, continues to be dollar-funded in the proposed budget that we have submitted. These reductions were somewhat minimal as compared to the large reductions that occurred in totality. We have heard repeatedly throughout the course of testimony that has occurred over the past several months and today that the Auditor's budget cut in Fiscal Year 2014 amounted to 32%. That is incorrect. The actual total reduction including all Administrative and Council reductions totaled \$178,000 from a \$1.2 million budget. That includes a 14.7% reduction, nowhere near the 32% figure that has been recklessly conveyed. The Office of the County Auditor and there has been discussion I think Councilmember Chock who had asked about the liquidity. I think Councilmember Yukimura as well. We believe that there was adequate liquidity in the 2014 budget for the operation to fully fund and hire Staff Internal Auditor by simply reallocating funds within the existing appropriation and conducting the appropriate budget adjustments that are done as normal course when a position is dollar-funded. We also...further evidence of this also is that based on the Comprehensive Annual Financial Report which is overseen by our Auditor himself, the Auditor lapsed in Fiscal Year 2013, \$611,000, to be specific, \$611,595 and, in fact between Fiscal Year 2010 and Fiscal Year 2014, the Council should be aware based on our review of the Comprehensive Annual Financial Report the Auditor lapsed a total of \$1.6 million based on funds requested and appropriated as compared to funds expended. That basically means there was a high lapse ratio and there was a range of about 35-55% of funds that were budgeted for, but not expended. As has been pointed out earlier and I think perhaps Vice Chair Chock may want

me to address that, the August 1st, 2013 the Audit Manager position was, in fact, vacated. It is a high-paid and high-ranking position and I find it somewhat disingenuous to allocate that responsibility to the Administration from the time period of now, now in the 4th quarter of the Fiscal Year there has been no effort to fill that position and based on liquidity in the budget we feel strongly both could have been filled. Let me just point out quickly that as the Council is well aware, the Office of Auditor as defined by the Charter falls under the purview of the Legislative Branch of government and the Administration does not have authority for appropriations or lack of appropriations. Our responsibility is to submit a proposed balanced budget and the Council has the authority do with it as it sees fit based on its own set of circumstances, priorities, and requirements. We did that last year, submitting a balanced budget and the Council had the right to reinstate the position dollar-funded the Audit position, but the Council made a prudent decision in collaboration and consideration to keep that position dollar-funded. We believe that that was appropriate based on fiscal responsibility and the numerous challenges that we faced to balance that very challenging budget. Those are the few comments that I would want to make today. Mr. Chair, I appreciate the opportunity.

Mr. Rapozo: Thank you. Question?

Mr. Bynum: Thank you very much. You said given the lapses that with that the Auditor could have filled both positions? Did I hear that correctly?

Mr. Barreira: Yes, sir.

Mr. Bynum: As other Departments have done. So his position was dollar-funded, but the position was not removed and if there were sufficient funds he had the authority to hire both positions if he chose?

Mr. Barreira: That is correct, sir so long as resources could be found within the existing appropriation.

Mr. Bynum: The only question I asked of the Auditor was about those positions and you made similar comments and I want to note that I never discussed that issued or that he had not moved to fill it, because I think your analysis is correct. How this came down. You know, the Council supported keeping that position dollar-funded last year. But we also supported keeping the other position active, right? Thank you.

Mr. Rapozo: The Auditor transferred the funds out though from the salary fund to the special...?

STEVEN A. HUNT, Director of Finance: I believe in Fiscal Year 2014 the Auditor mentioned he transferred out the remaining balance of salary and fringe tied to the funded position to go to pay for some of the Special Outside Counsel to do audits.

Mr. Rapozo: That is within his prerogative?

Mr. Hunt: Yes.

Mr. Rapozo: You transfer moneys out of his salaries to take care of other things?

Mr. Hunt: It was a choice to fill the position with the funds or move the funds out to get the job done.

Mr. Rapozo: Mr. Kagawa.

Mr. Kagawa: What is wrong with an Auditor who wants three additional months earlier, \$66,000, I think he is in a position that he wants his Office to do well. What is wrong with that?

Mr. Hunt: Again, I want to make things really clear. There has been reference to the "Mayor cutting the budget." This is the budget. The Budget Team is the one who looks at the numbers and we look at budget to actual and our goal from this body has been budget to actuals. So we made those cuts based on actuals and thinking there was sufficient funding to do his job. When we see additional funds going into the outside counsel, at Auditor's he could move that into salaries to cover those positions to fund those three additional months. Again, we believe there is sufficient funding within the budget, based on past lapse and I want to run through the last four years so everyone is aware this is coming from the CAFR, which is the Auditor's under his jurisdiction since is he doing the Comprehensive Annual Financial Report. In Fiscal Year 2013 they lapsed \$611,595 that is almost 60% over what they spent. The last CAFR prior to that in Fiscal Year 2012, the Office of the Auditor spent \$1,018,795 lapsed \$537,460. That is almost 53% over what they actually spent in lapse. In Fiscal Year 2011, they spent \$858,770 and lapsed \$304,963 which is about a 35.5% lapse and then in Fiscal Year 2010, which I believe is the first year, they had a budget of \$488,653 and they lapsed \$190,580. Over four fiscal years \$1,644,598 almost \$411,000 a year lapsed. So again, I believe there is sufficient funding and granted those budget amounts used to be much higher, so there was lapse...we have contracted that getting closer, this year's request in Fiscal Year 2015 was for \$1,213,695, and again, based on the most recent spending at \$1,025,827 we feel there was still some room to come down. The combination of having the six-month funding for both positions plus a little have for outside counsel gives the flexibility to use the funds for either outside or to put that into the positions to fully fund or to nine-month fund.

Mr. Kagawa: So basically in your summary you are saying that you believe that the Auditor has sufficient funds if he chooses to go ahead and hire for nine months?

Mr. Hunt: If he so chooses to reduce his special counsel or his outside consulting services.

Mr. Kagawa: Okay, there you go, Ernie. I think it would be fair of the Council if you do use that money to replenish that at a later point. But based on your past issue of spending they feel justified in making cuts that they made all over. I think they are basically giving you the green light to go ahead with that three-months additional. So I guess that is where we are. I know you wanted it clearer in your budget, but this may be an option for you. Thank you. Thank you, Chair.

Mr. Rapozo: Thank you, gentlemen. It would be interesting to see how that fares with the other Departments...not now. We can get how that fares with the other Departments within the County. But I have to tell you, I would much rather have you lapse money than to overspend. That is just my opinion, doing half a million dollar money bills at the end because we spent too much. I agree that you have got to tighten them up. But again, Steve, with that salary adjustment line \$100,000 and spend

\$600,000 so far, in your Department, that was not caught in the budget and I think there is a lot of that around. I think we have to look Countywide and see where is the lapse? Because now you start wondering, where else is there fat in the County that we can cutoff? That is our function. That is our job at the Council level to find that stuff. Okay. With that we will take a caption break right now and come back with Elderly.

There being no objections, the Committee recessed at 3:18 p.m.

There being no objections, the Committee was called back to order at 1:47 p.m., and proceeded as follows:

Office of the County Auditor

Honorable Tim Bynum
Honorable Mason K. Chock, Sr.
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura (*present at 1:48 p.m.*)

Excused: Honorable Gary L. Hooser
Honorable Jay Furfaro, Council Chair

Mr. Rapozo: Ernie, you can begin.

There being no objections, the rules were suspended.

ERNESTO G. PASION, County Auditor: Good afternoon, for the record, Ernesto G. Pasion, County Auditor. For the record, I would like to read my budget presentation and you have copies of it. Starting with the mission. It is our vision that through carefully selected audits of critical areas, we can promote honest, efficient, effective, and accountable government for the County of Kaua'i. Number two, goals and objectives for Fiscal Year 2013-2014. Goal 1: To serve as a catalyst for positive change throughout County operations. Goal 2: To encourage efficiency and effectiveness of County programs. Goal 3: To inspire public trust by safeguarding the County's financial integrity by having annual financial audits done by outside auditors and conducting in-house performance audits. Departmental objectives were as follows: 1. Produce Countywide Fiscal Year 2012-2013 Comprehensive Annual Financial Report. This meets goal number three and this was achieved and the CAFR was submitted on December 6, 2013. Obstacles or challenges, loss of auditor/liaison to outside auditors. Oversight and liaison activities had to be performed by the County Auditor and the Audit Analyst. Number two, complete two performance audits, goals one and two. Yes, dollar funding of one Auditor and retirement of another Auditor resulted to the outsourcing of audits. B. Will objectives be accomplished by June 30, 2014. Yes, the CAFR was submitted on time and two performance audits were completed. The Audit of County Vehicles was issued and the draft of the Furlough Audit was issued, with the final report soon to be issued and made available to the public with the County Administration's response to the findings and recommendations. We anticipate to receive the auditee's response on Friday, April 11, 2014. C. Obstacles and challenges. We had intended to hire a replacement for the Audit Manager who unexpectedly retired at the beginning of August 2013. However, even if the position would have been filled, the operation of the Office would not be up to standards according to the audit manual. A third auditor, who is uninvolved in an audit, is required to do an independent report review. An independent report review according to government auditing standards is an essential part of the audit process. The third auditor position was eliminated (dollar-funded) by the Mayor. Although the County Council has the ultimate authority on the County budget, and instead of supporting the legitimate and Chartered Office under the Legislative Branch, this body supported the Mayor and yet further cut the budget of the Office. With the loss of two-thirds of the audit capacity, the Office resorted to outsourcing the Furlough Audit. Number two, the financial audit known as CAFR for this fiscal year ending June 20, 2014 is covered by the last year of a four-year contract with the outside CPA firm of N&K CPAs. \$225,000 is included in this budget. To do an RFP for a new four-year contract, budgeted

money is required for the certification of funds, a pre-requisite by State procurement code. D. Strategies to address obstacles or challenges. We are requesting restoration (three-quarters funding) of the two auditor positions. Initially, I submitted full funding of the two positions. Number one. Staffing, the Mayor, the Chief Administrative Officers of the Executive Branch of County Government, requested to review a Legislative Branch's Office of the County Auditor budget for Fiscal Year 2014-2015. A meeting with him and his budget team took place in February. Cognizant of a budget crunch, I cut the salaries of the two auditor positions by \$13,026 plus related benefits of \$5,291 for a total of \$18,317 or 9.5%. The audit manager's salary was reduced to \$95,000 from \$1013,250 and the staff internal auditor's salary was decreased to \$85,000 from \$89,776. I explained at the meeting about the Mayor's actions on the Auditor's Office's budget this fiscal year and how it affected the audit process and indicated the ramifications of his action. We were told in a similar meeting the year before that the Administration would inform me if he was going to cut the Auditor's Office. It did not happen. In the spirit kōkua and understanding the budget crunch problem, I initiated a call to the Director of Finance, that I volunteer to cut one-quarter of the already reduced salaries and benefits of the two auditor positions because realistically, I would not be able to fill the positions immediately in the first quarter. Lo and behold the Administration decided to cut another quarter of salaries and benefits, which makes the effective staffing back to a net of one for this year and even less because of the cuts I already made on the salaries and benefits of the two positions. What I find ironic about this is that the Mayor's action to deprive the Chartered operations of the Auditor's Office by further cuts to its budget and use these cuts instead to fund raises of his staff and others in the Administration. I respectfully request the County Council to restore the budgets for salaries and benefits for the two auditor positions for three-quarters of the fiscal year. The amounts I am requesting restored are \$45,000 in the salary budget and \$18,280 in the benefits budget. \$3,443 in Social Security Contributions, \$7,505 in Retirement Benefits, and \$7,332 in Other Post Employment Benefits. This schedule will show you what has happened. The first column will show the pre-budget, meaning to say that the starting salary of the two positions that I was going to restore and their corresponding benefits. Like I said, I initiated a cut of 8% on the Audit Manager of \$8,250. The Internal Staff Auditor by 5.32% or \$4,776 or the \$13,026 that I just mentioned a while ago. With an effective cut of 6.75%. Respectively, the benefits of 6.75% also \$6,262. Before I submitted the budget, I cut those salaries and benefits. So I submitted a full-year budget for the two positions at the reduced salaries and benefits. Like I said, I called the Director of Finance and said that I would like to cooperate because of the budget crunch and I am going to cut the first quarter of the salaries and benefits. The total cuts that I made was \$58,000 in salaries and \$28,000 in benefits make-up almost \$86,000 or 30% decrease. The desired budget would have been \$135,000 for the two in salaries and \$65,000 in benefits totaling about \$200,000. Then when I received the...I got a notification from the Director of Budget that they decided to cut another quarter. They made the starting salaries of the two auditors of \$90,475 for the Audit Manager and \$42,500 for the Staff Auditor and the corresponding benefits of \$43,265. In total, if you take all the cuts from the beginning, we are talking about 53.37% for both salaries and benefits totaling \$152,554. Remember, the budget this year compared to last year, there was a 32% cut already. Two consecutive years now, we are cutting the budget of the Auditor's Office.

Number two. Financial Audit. I included an additional \$225,000 to cover for the first year of a new four year contract commencing with the financial audit of Fiscal Year ending June 30, 2015 as required in an RFP process. However, cognizant of a budget crunch, I volunteered and suggested to cut the budget for the financial audit of \$225,000. This action would not violate the provisions of the County Charter, which provides for either an annual or biennial financial audit. However, the Administration took out the

\$225,000 but did not agree to a biennial financial audit with a commitment to work with the Auditor's Office to work on an RFP with stipulations that funding will be made available in the next fiscal year's 2015-2016 budget. The Administration took a position that this could be done in spite of the routing State procurement requirements to have the funds certified going into a new contract.

We will go to number three. Successes and Achievements for Fiscal Year 2013-2014. The 2013 peer review of the County of Kaua'i's Auditor's Office found our office to be in full compliance with government auditing standards issued by the Comptroller General of the United States. The Kaua'i County Auditor's Office was awarded the highest rating possible for quality and professionalism. Auditors from Richmond County, Virginia, and Phoenix, Arizona performed the peer review of the Kaua'i County Auditor's Office. The Association of Local Government Auditors coordinated the audit and selected the independent peer review team. The auditors reviewed our internal quality control system and performed procedures to determine whether our quality control system provided reasonable assurance of compliance with Government Auditing Standards for the period of January 1, 2011 through December 31, 2012. The Kaua'i County Charter requires that our audits be conducted in accordance with Government Auditing Standards. The peer reviewers identified the following areas in which our office excels: Implementation of significant changes to the audit process over the past year to comply with Government Auditing Standards. As a new audit organization, a completion of a peer review within three years of beginning work under Government Auditing Standards. Commitment by everyone on the audit staff to professional growth, with two receiving professional audit certifications since joining the Office, and a third pursuing certification. For the second time in three years, the financial audit for the fiscal year was completed according to the original schedule. Credit also due to the County Finance and Accounting Department, N&K CPAs, and KMH, LLP the Auditor for the Department of Water for their efforts to assist DOW in issuing their financial statements as scheduled.

Number four, upcoming plans and initiatives for the Fiscal Year 2014-2015. Plans: Our goals will remain the same. Our work plan objectives will track our goals. Our objectives reflect an increase in the number of staff auditors from one to two or two and a half. Should this situation change, we will revise our objectives. Objective one. Complete Annual Financial Audit for Fiscal Year 2013-2014. Objective two, issue audits that result in a 75% acceptance rate by auditees for recommendations. This objective is used by many audit shops, and is intended to ensure that audit recommendations are relevant, practical and of value to the auditees. We plan to do performance audits on the following areas in Fiscal Year 2014-2015: Management of Large Contracts and Change Orders of the Department of Water. To review the DOW's management of large construction contracts over \$5 million or other selected threshold. To evaluate how these contracts are managed, where processes and oversight must be strengthened for effective contract management and to meet the Department's business needs, and whether adequate administrative and quality controls were followed so contractors did not perform at levels below contract specifications or in noncompliance with contract requirements. The audit will also examine whether the Department is properly negotiating the price of contract change orders and adhering to procedures, whether additional procedures must be implemented to ensure that estimates are prepared for all applicable change orders, whether a change order is written for all changes that have a time and/or cost impact, whether standards for cost breakdowns are in place when change order estimates are prepared, and whether contractors and subcontractors are required to adhere to uniform standards for cost breakdowns when submitting proposed changes.

Number two. Human Resources Management, hiring practices. With the current budget pressures and with personnel related costs accounting for 60-65% of total County operating expenses, the audit will review all aspects of personnel practices related to hiring, transfers, and promotions; evaluate controls in place intended to ensure the fair, uniform, and transparent selection of the best employee for the position; assess the efficiency, effectiveness, and compliance with rules, regulations, and agreements of the solicitation, evaluation, and appointment processes; identify opportunities for business process improvement and determine best practices in these areas; and evaluate the overall system providing such services.

Number three. Human Resource Management – Payroll and Compensation Practices. This audit, because 60-65% of the County's budget is related to personnel expenses, is also a logical starting point for assessing the County's business processes. This audit will determine whether the County's control practices, policies, and environment related to payroll activities adequately and appropriately operate to assure that personnel, timekeeping, and payroll systems are in compliance with established rules and regulations; ascertain whether the policies, procedures, rules, regulations, and protocols are uniformly and consistently applied throughout the County and ensure that pay and benefits are accurate, appropriate, earned, and paid to its employees; assess whether the County's administrative and departmental activities assure that amounts spent for employee compensation are prudent and in the best interest of the County, its employees, and residents to ensure the fair and appropriate use of County funds; and evaluate whether the County has established appropriate and sufficient rules, regulations, policies, procedures, and practices to safeguard County assets, provide appropriate checks and balances, and ensure the transparency and accountability of government.

Upcoming Initiatives: The Office of the County Auditor will continue to offer to make presentations to the public through organizations such as the Kaua'i Chamber of Commerce, Kaua'i Filipino Chamber of Commerce and other community groups to explain the role and responsibilities of the County Auditor and the audit process. The presentations will be similar to the one made to the Līhu'e Business Association, for which OCA received positive response from members and attendees. Also to continue to offer the County Department Heads, managers and supervisors, presentations regarding the audit process to help County employees better understand the role of the Office of the County Auditor and the ways in which audits are typically conducted.

Challenges. Staff vacancy. Filling the positions of performance auditors. One Audit Manager and two Internal Staff Auditor. Page 6. County Fraud Hotline Program. To do a feasibility study of establishing a County Fraud Hotline Program. The study would research on how other audit jurisdictions are administering such a program and at what costs and results derived from their programs. The objective of the Fraud Hotline is to provide a means for a County employee or citizen to confidentially report any activity or conduct related to or involving County personnel, resources, or operations for which he or she suspects instances of fraud, waste, and abuse.

The Office of the County Auditor's Fiscal Year 2014-2015 budget of \$1,037,311 is \$2,313 or 0.2% higher than the Fiscal Year 2013-2014 budget of \$1,034,998. Salaries which represent 32% of the total budget, show a decrease of \$9,322 or 3%. Benefits, which represent 15% of the total budget, show a decrease of \$27,443 or 15% which was due to a combination of two factors, reduced salaries and adjusted benefit rates. Utilities which represent 1% of the total budget showing no change reflecting the continued benefit from

economies of scale from the consolidation of two offices previously occupied by the Office and energy conservation practiced by the Office. Equipment & Building Leases, which represent 5% of the total budget, show a decrease of \$1,496 or 3%. Operations, which represent 48% of the total budget, show an increase of \$40,574 or 9% which was mainly due to an increase in Other Consultant Fees of \$40,000 or 26%. Budget for Continuing Professional Education, which involves the auditors to earn 80 continuing professional education (CPE) hours within two years to be able to do audits, a requirement by Government Auditing Standards, decreased \$1,192 or 4%. Organizational Memberships, Dues, and Subscriptions decreased \$2,314 or 38%. The Operations budget includes \$225,000 for the annual Comprehensive Annual Financial Audit also known as the CAFR and \$195,000 for the procurement of forensic auditors and consultants to assist the Office in conducting performance audits. The budget also includes \$15,500 for the Office's secured network. During the Association of Government Accountants seminar held in Honolulu, the auditors of the jurisdictions in Hawai'i discussed the importance of having a system to securitize sensitive audit files by having a stand-alone server, firewall, and telephone system. The other jurisdictions have such a system with the exception of the Office of the Kaua'i Auditor. The setting up of the system has been discussed with IT management. No definite solution has been determined or how much it will cost but efforts will be under way to utilize the in-house system and the budget for this purpose will be used to accomplish it. Using a Cloud System has been mentioned.

The next page shows graphs showing how salaries and benefits and utilities and equipment and operations are represented in the total budget. Do you want me to cover this one or just go to the next?

Mr. Rapozo:

You can go to the next.

Mr. Pasion: Page 8. Vacant Positions. One Audit Manager Exempt. Salary of \$95,000. Vacant since 08/01/2013. One Staff Internal Auditor, Exempt. Salary of \$85,000. Vacant since 01/07/2013. We plan to request restoration of three-quarter funding for these positions. Contractual positions, none. Critical positions with impending retirements or departures. County Auditor (term ends on September 15, 2015). Education and training plan for this position. Staff member working on Certified Internal Auditor credential.

Number nine. Statistics. Three year actual expenditures, you have it in your book. Transfers from various accounts and reasons for the transfers. On January 17, 2014, a request for appropriation and allotment adjustment form was submitted and was approved by Vice Chair Chock, Sr. The funds were needed to do performance audits. It shows transfer of salaries and benefits of \$147,000 to Other Consultant Services. That represents my presentation for this budget review.

Mr. Rapozo:

Thank you Mr. Pasion.

Mr. Pasion:

You are welcome.

Mr. Rapozo:
that you just passed out.

One clarification question on the spreadsheet

Mr. Pasion:

Yes?

Mr. Rapozo: If you look at the top line, the 1st quarter Auditor's total cut percentage, that next column shows nine quarters, should that be a 3?

Mr. Pasion: Yes, nine months, three-quarters, yes.

Mr. Rapozo: So that is what you desire? I see the salaries on the bottom benefits portion is that the total? Social security contributions \$10,328, is that total?

Mr. Pasion: The total for the two positions.

Mr. Rapozo: Just for the two?

Mr. Pasion: Yes.

Mr. Rapozo: Then the Health Fund, Retirement and OPEB, all of those have been adjusted for the two-quarter period? Because this budget represents six-month funding of the two positions, right?

Mr. Pasion: That is correct.

Mr. Rapozo: Are the benefit line items have they been adjusted to the six months as well?

Mr. Pasion: The budget that was included in the Mayor's submittal of March 15 or March 14 reflects the two quarters, the Mayor's budget. That is what you are seeing. What I am requesting because of the additional quarter of budget cut that the Mayor took from my budget, despite the fact I volunteered to cut one-quarter of my full-year budget. So to get...what I am requesting is that the three-quarters numbers should be reflected in the Auditor's budget. Restoring the one-quarter cut the Mayor took from the budget.

Mr. Rapozo: Do you feel confident that you could fill the Audit Manager and Auditor II positions by July?

Mr. Pasion: I volunteered to cut the 1st quarter because I mentioned it would be unethical for me to like now look for the two positions without the moneys.

Mr. Rapozo: Right. So assuming the budget passes though, can you hire those two positions?

Mr. Pasion: I will do my best to bring in the two positions beginning of the 2nd quarter.

Mr. Rapozo: Okay. Thank you. Any questions. Mr. Kagawa?

Mr. Kagawa: Yes. So I was just wondering, Ernie, so where is...where are we in the process of hiring the Audit Manager and Internal Staff Auditor?

Mr. Pasion: We are not there, because I find it unethical for me to start hiring if I do not have the approval of the Council to have a budget to hire.

Mr. Kagawa: Have you worked on the language?

Mr. Pasion: Yes.

Mr. Kagawa: As far as what kind of qualifications we are looking for?

Mr. Pasion: Yes. We have the position descriptions established already.

Mr. Kagawa: Are we looking for CPAs for any of those?

Mr. Pasion: Well, it will depend on what is available in their submittals. If you look at the...I brought with me a copy of what was...

Mr. Kagawa: The old position? Can you send that later?

Mr. Pasion: The City Auditor's Office was looking for three people and they are looking for people that are experienced in performance audits. You know, there is a difference between financial audits and performance audits as you know. You told me you worked for a CPA firm before you joined the County.

Mr. Kagawa: Yes. Well let me tell you this, Ernie, it would not hurt to have a CPA who has experience in government audits to work in that position. It is not a bad thing to have certified public accounting experience.

Mr. Pasion: Agree. The reason I say that by Charter we are required by the Charter to bring in CPAs to do our financial audit. To do a performance audit is a different animal. But if I can find a CPA that is good in performance audits because what I will do in the selection process is I will be asking for what they have done in performance audits also?

Mr. Kagawa: Ernie, I think we went over this the last time and you brought up to me, when Marion Higa, we asked her what kind of people worked in your Office and she does performance audits for the State?

Mr. Pasion: Right.

Mr. Kagawa: She mentioned almost all of her staff had CPAs.

Mr. Pasion: To the contrary, I have to differ with you. Maybe five.

Mr. Kagawa: Five out of?

Mr. Pasion: Maybe 26.

Mr. Kagawa: Well, we have to check that number. If you can, to me, it would not hurt to have one CPA in there is all I am saying. The other thing, Ernie, if we give you the additional three months, which I do not want to just give it if we

are not getting something in return. But if we do that, what additional audits could be performed by having that additional three months of two people in there?

Mr. Pasion: Well, first of all, when you bring somebody, you have got to know what is involved first. You have to do orientation. You come from a different municipality, you have to acclimate.

Mr. Kagawa: Hard to tell.

Mr. Pasion: I have been looking at what performance audits that they have done in the past, when we do not do the first time we hired somebody from the mainland.

Mr. Kagawa: Another question, is there any consideration to look into the County Attorney's Office regarding the performance of outside counsel that we have recently incurred? An audit to review maybe all of the billings that we have been getting and to match it up with the work that is being performed? Because I really feel like we are not...the County Attorney's Office is not managing and reviewing those billings. I think we are just taking it for word and I would like to see an audit that actually goes in and matches the hours being billed to work that they say is being performed. Do you think that is maybe on the horizon?

Mr. Pasion: We would be more than willing do it provided we have the manpower. Auditors, we are not Attorneys, yes? And to get legal expertise to go through the contracts and hiring Special Counsels and how the contracts are administered? Are we paying them before the services are performed? I do not know. So it will depend on the kind of funding that you guys will provide and that is one of the reasons why we are approached by the public sometimes we tell them go to a Councilmember, because they represent you. You voted for them. If you come to me, and I do not have the funds, I cannot do anything. So there is a provision in the Charter, which is by resolution you pass a resolution...maybe with another Councilmember and have it passed and it comes to me and we look at it and say, okay, we need funding for this thing. We will be glad to do it because we recognize the difficulties that you are going through with what is going on with all the cases that have been coming before you.

Mr. Kagawa: Well, one more question. Regarding some of these Public Works contracts that go out. The ones that concern me most are the ones that are sole-bidders. Have we ever audited those cases such as...I heard that road resurfacing contracts a lot of time only one person bids. So do we have any plan to look at whether the County is getting a fair price? Or are we letting the companies in some cases overcharge us for our work because we do not have enough competition bidding? Do we look at any road resurfacing?

Mr. Pasion: I do not know that it is legal to come up with a capital budget for CIP projects and instead of coming up with the numbers for each project...let us say that you come up with \$10 million or whatever, \$20 million and that amount is four different projects, but you do not...this is how they do it in the private sector. That is why I am saying they do not tell the people upfront this is how much we are going pay for this project. You have money in there, and you say, okay, you guys submit your bids and we will evaluate your qualifications and past performances and the amount you are going to bid.

Mr. Kagawa: Well, I guess I just want to make sure what is happening, one time somebody announced to me the figure and I forget the total amount of the work that was done by the State in front of KCC and the amount, when I heard it, I was flabbergasted, Mr. Hooser's word, by the amount of that contract and I just thought to myself, that cannot cost that much. Anyway, I just wanted to see if we would be looking maybe at the same thing, maybe at the Auditor looking at some of our County contracts because I think wherever we can cut government waste, we need to look at it. I thank you for your work.

Mr. Pasion: Well, Councilmember Kagawa, I want to invite you to come to my Office and I can show you what kind of list we have. We can only submit because of limited resources and the budget crunch of the County, what is going on with the County, I can only submit...so please visit with us.

Mr. Kagawa: I will take you up on that offer, Mr. Pasion.
Thank you.

Mr. Rapozo: Mr. Bynum then Mr. Chock.

Mr. Bynum: Just about the positions. One of the audit
positions was dollar-funded?

Mr. Pasion: Yes.

Mr. Bynum: That was the one that has been vacant since?

Mr. Pasion: January 7, 2013.

Mr. Bynum: But the other position has been vacant since
August 2013. That was a retirement?

Mr. Pasion: Yes.

Mr. Bynum: Why have you not filled that position that is in
the current budget, right?

Mr. Pasion: Even if I fill that position, I operate on a three-
leg stool. So even if I hire one, I would not be able to operate anyway, because this is how it
works, Councilmember. I work with the lead auditor. I work with an auditor and we work
together and make sure that everything is in order. When we are done, following
government auditing standards an uninvolved auditor has do an independent report
review, IRR according to government standards to review what we did and make sure it is
in order because it goes for auditee response.

Mr. Bynum: You are saying the ethical constraints of your
Office require all three positions?

Mr. Pasion: We have to comply with the law. The
government audit standards are law.

Mr. Bynum: I will ask for an opinion on the government audit standards and was this ever definitively decided by the County Attorney? Was there an opinion?

Mr. Pasion: I do not know. We are following the Yellow Book. If you think about Maui, Maui can do that. Maui in their Charter...

Mr. Bynum: I still do not understand that why when you had a retirement, presumably you knew about that, why did you not move to fill that position?

Mr. Pasion: Even if I had to fill that position, I would still be unable to do an audit.

Mr. Bynum: That was your circumstance since January 2013?

Mr. Pasion: Yes.

Mr. Bynum: Were you anticipating that that position would be short funded in the next budget? I do not understand, you had that position and circumstance with one of the positions dollar-funded. That person retired, I would think you would have been looking for a replacement effective when that person retired and you would get the paperwork going?

Mr. Pasion: Well, my operation was distracted by voluminous requests for information from the Council Chair at the time.

Mr. Bynum: Well, I do not want to go into that.

Mr. Pasion: Well, I am giving you the reason why.

Mr. Bynum: I am just trying to understand why you had that position and it is funded right now in the budget until July 1st, right? What precludes you?

Mr. Pasion: It was not funded. It was dollar-funded.

Mr. Bynum: I am talking about the position that was vacant effective August 2013. You could move to fill that right now. There is no constraint?

Mr. Pasion: I used that money already for an audit. I just mentioned in my presentation that I transferred...if you look at the last page of my presentation, Councilmember that I used with the approval of the Council, I used \$147,000 to hire outside CPA consultants to do an audit. So I do not have the funds anymore.

Mr. Bynum: Thank you for that answer.

Mr. Pasion: Even if I had to hire somebody, I would still be short to do an operation that is required of me of the Office by the government standards.

Mr. Bynum: If nobody has done this, I am going to request an opinion from the County Attorney, if that is an accurate statement because I have heard that from you and I do not presume to know, but I have also heard that is not accurate. If you have that kind of question in our system, we ask that of the County Attorney. If staff is

listening, we can figure it out. That Ernie, that position you would have moved to fill it immediately and would be fully funded in the next budget and we would not be discussing here at budget the other position. So I am surprised to see both positions half-year funded. That was a surprise to me. Thank you for answering the questions.

Mr. Rapozo: Thank you, Mr. Chock.

Mr. Chock: I thank you, Chair. First, Mr. Pasion, I just wanted to thank you for being patient with me as I have had the opportunity to oversee your Office since the Chair is recused from participating. My first question was regards to the follow-up question that Councilmember Kagawa had regarding a certified accountant. Now I did see in your presentation that you do or you folks are moving towards training a staff member to be certified, is that correct?

Mr. Pasion: Yes, going through certification.

Mr. Chock: So how much does that cost us to certify that person?

Mr. Pasion: There is a fee to get the materials and go for the test and maybe...I do not want to guess right now, but I can come back and provide you that information.

Mr. Chock: Okay. Thank you. So did that training or certification start the previous year? I guess I am trying to figure out how long it is going to take and how much is going to cost us to get somebody on board to move us where I guess you are going towards internal performance audits? Can you give us an inclination when that is going to happen and how much it is going to cost us?

Mr. Pasion: I will forward you that information.

Mr. Chock: The other question I had was regarding the specific audits that you have done. So I am just looking, can you tell us how many audits were completed in Fiscal Year 2014?

Mr. Pasion: Two.

Mr. Chock: Two audits?

Mr. Pasion: One financial audit with the County, and then two performance audits. The County Vehicle and the other one is the Furlough Audit. The draft was issued and you guys got copies. You got the response from the Administration last Friday and in about a week or two, we will get it out.

Mr. Chock: So we have got approximately three...two to three audits that are completed a year. Is that the average that we can expect from the Office to complete each year?

Mr. Pasion: It depends on the resources that we have.

Mr. Chock: So comparative to other Counties is that about typical? I know the total budget is \$1 million. Is that what we can expect for three audits a year?

Mr. Pasion: That \$1 million you are talking about, Vice Chair, includes?

Mr. Chock: Everything?

Mr. Pasion: I do not know, but as for the other jurisdictions in Hawai'i we do good networking and understanding a call was made to the Big Island and asked how many audits that that they did last year and they were told?

Mr. Chock: What was that?

Mr. Pasion: Zero.

Mr. Chock: They did zero last year? Good then. How much did they pay for zero? So that is interesting. So out of the three, how many of those were external? Done by contractor? Or someone outside of your Office?

Mr. Pasion: We had the first one we did was energy savings audit and for example, this building here was in that audit and despite the fact we had the furlough, it was done in-house, by Lani Nakazawa. According to the findings, it was an increase of wattage use, as well as dollars used because of the increasing or fluctuating energy costs of KIUC. Because nobody was accountable for the use of the energy including this building. Just like having a rental and you tell the tenant...

Mr. Chock: I can tell you that it is probably because of Councilmember Yukimura and former Councilmember Nakamura who stayed here to the wee hours of the morning...sorry for interrupting, go ahead.

Mr. Pasion: I was trying to refer your landlord and you say to the tenant, you rent this house and all utilities included, do you think that tenant will be...will have the diligence to conserve? Because it is in his rent anyway and even ask his friends to wash their cars or just leave the lights on...so that kind. So that was one audit.

Mr. Chock: How many did you hire out to do?

Mr. Pasion: When we did the Kīlauea Gym, we did the Kaiākea Fire Station and it was in-house but we had to use consultants because we are not engineers.

Mr. Chock: One internal and two external?

Mr. Pasion: Yes, I think that I responded to your memo of last Friday.

Mr. Chock: Thank you.

Mr. Pasion: I did not have much time.

Mr. Chock: I understand. This leads me to I think our kuleana is to try and help you move towards getting some of these audits completed, which would be helpful if we could receive some sort of understanding what are the proposed audits? Not that we want to make a determination of what audits you intend to do, but also a cost associated with those, so we can look at the budget objectively and make a decision, if we can support those or not? Unfortunately we do not get those ahead of time and I know it is difficult for us to do that. That is my only concern as people need to look at the budget.

Mr. Pasion: Vice Chair, if you could make a comment on what you just said? When we did the Vehicle Audit, we had...we issued it at I believe \$75,000 and they found there was other stuff to be addressed. What I am trying to say here a financial audit they come in August and are done by December and follow an auditing template. If I need something...on a performance audit you do not know until you go out there and say we have to do more. I can tell you an amount, but that amount is maybe not enough. That is why on that audit we had to come back. We had to amend the contract twice.

Mr. Chock: I hear you, sounds like Special Counsel. I hear you. Thank you. Now there are six...I am looking at this one here, June 27, there are six audits proposed back on this day. Of those I am not sure how many were completed or not, but the ones that were not completed are you still in the process of completing them? Are they off the list?

Mr. Pasion: They could be on the back-burner.

Mr. Chock: So just potential?

Mr. Pasion: Yes, you do not know what comes up based on the conditions that arise. You do not know of. So you might have the list, but it might be on the back burner for now and more important audits could be addressed. That is why I invite you to come to my Office and we can show you.

Mr. Chock: You mentioned you are going to share more detailed criteria of how you select these audits and I do not want to take any more time on the operations part of it, but two more questions. There has been a lot of discussion at this Council about trying to save some income on your location, which it looks in your budget is \$47,000 a year for the building lease. My only question, how do you feel about, if there was a possibility of you moving to something that was available?

Mr. Pasion: Big Save is available. I submitted the space requirements to the Council Chair and I said I need 2,000 square feet.

Mr. Chock: Okay. How much can you say?

Mr. Pasion: 2,000 square feet.

Mr. Chock: 2,000 square feet. Okay. Lastly, you talked about the cuts in your spreadsheet that you handed out and how much you were willing to give and then what you are asking for. I know there was a request and a question from us about obviously there are cuts across the board, you know, in our County? So I had a question for Ernie and Steve about what these cuts were. We do not have to answer those now, but at the end of the questions we will ask that. That is all, Chair. Thank you.

Mr. Rapozo: Councilmember Yukimura.

Ms. Yukimura: Hi Ernie.

Mr. Pasion: Hi.

Ms. Yukimura: First of all on page 1 of your presentation, you say that an obstacle or challenge to getting the CAFR done was the loss of an auditor.

Mr. Pasion: Yes.

Ms. Yukimura: Or liaison to outside auditors. Do you need an auditor to get the CAFR done? Do you need an auditor?

Mr. Pasion: Yes.

Ms. Yukimura: Do you need an auditor in your Office?

Mr. Pasion: Well, what we do, we administer the contract.

Ms. Yukimura: Right.

Mr. Pasion: We facilitate...they come to us and if they have any problems with...

Ms. Yukimura: You know, financial audits are pretty perfunctory in a sense and prior to having a County Auditor, did the County Council do audits without an auditor...financial audits? So how many hours of oversight do you say that is needed for this CAFR?

Mr. Pasion: Not that many.

Ms. Yukimura: Not many?

Mr. Pasion: Not that many.

Ms. Yukimura: Do you need a CPA for this?

Mr. Pasion: Not necessarily.

Ms. Yukimura: Okay. Because that is what I thought, too. Because I know that we did it before we had a County Auditor.

Mr. Rapozo: I think the Finance Department was really the...it was not the Council.

Ms. Yukimura: They do a lot of interface with our contractual auditor, because they have to access all of our financial records and things.

Mr. Rapozo: But I think it is important for the public to know that before the Auditor it was not the County Council who did the audit, but the Finance

Department who was in the driver's seat and not the County Council or County Clerk. We funded it, but a lot of the work was done by the Finance Department and Council Services as well, but not the County Council.

Ms. Yukimura: Right. On your proposed audits, are you planning doing this in-house or with outside consultants? You have three you are proposing here, management of large contracts, and change orders in the Department of Water. Human Resources management hiring practices and Human Resources Management payroll and compensation. Are you planning to go outside contract or in-house?

Mr. Pasion: Depending on the people that we will hire in the 2nd quarter. As a matter of fact if you look at the Department of Water, that is highly technical. So we would need outside help.

Ms. Yukimura: Okay. So you do not know at this point whether you will do it outside or inside? You cannot tell just by the nature whether it is better to be inside or outside?

Mr. Pasion: For example we did the Kaiākea Fire Station and Roads Maintenance and we did the Kilauea Gym and it was...we hired Manthos as a technical consultant.

Ms. Yukimura: I remember.

Mr. Pasion: We can do the same thing depending on the human resources that we have.

Ms. Yukimura: I am thinking in proposing it you must have some idea about what needs to be done and what you are targeting? So you would have some idea about how you would go about it.

Mr. Pasion: Like I said, we definitely would need outside help because we are not also experts in the human resources.

Ms. Yukimura: Okay. So I guess I am wondering why you are focusing on Human Resources both hiring and payroll, because it is in such flux and they are shifting over, so you are going to be trying to analyze a moving target. They are actually...they are doing a new format. So even if you say, the old format was wrong or the old practices were wrong, they are already changing it, both in the hiring process and payroll and compensation. They are into this change. So what are you going to be analyzing? Because whatever you are analyzing is changing into something that you do not know what it is going to be yet?

Mr. Pasion: Well, that is a good point. That is the reason why we need to bring experts in this area, because we do not know what is...with the furlough. We came up with the furlough. If they had consultants to have guided them to start with, maybe we would not have been in that.

Ms. Yukimura: That may be true, but the thing that they have gathered experts. They are working in-house with the people now in Human Resources. They are crafting a whole new system. So to me, I am not sure how fertile grounds it would

be to analyze an obsolete system or a system that is not yet in place? I guess I would like to know of the six proposed audits that you proposed in June of last year, why you are moving to these contracts rather than the ones that you proposed?

Mr. Pasion: It is because I just said that 60-65% of our total costs are personnel-related.

Ms. Yukimura: Yes.

Mr. Pasion: We are in a budget crunch and so it requires the attention to be audited.

Ms. Yukimura: Well, you know what you should audit is the Collective Bargaining System and not the payroll and compensation. That is already set. It is more an accuracy issue.

Mr. Pasion: You could do that, and hire experts to do that.

Ms. Yukimura: I am thinking that you want to be...you want to do things where you are the most useful, right? I do not see how you can be useful in a changing system? Because the old is no longer there and the new is not yet in place. So to me, it does not quite make sense as the best use of what are very expensive resources. Salaries for CPAs and stuff. Especially when there are places like Solid Waste that have been generating many problems, and you could go there instead. So coming back to the structure of your Office, you are saying that... one of your goals is two positions an Audit Manager and Internal Staff Auditor. Right?

Mr. Pasion: Yes.

Ms. Yukimura: Have you thought that maybe you could have two of these functions in one person? You could have a good manager who has a CPA?

Mr. Pasion: Like I said, Councilmember Yukimura, we follow the government auditing standards and it requires us to have three to operate.

Ms. Yukimura: I have not been able to find in the audit manual...maybe you can show me where it requires three. Because what my understanding is that it requires some internal quality assurance program, but it can be achieved by a checklist, which I think was proposed to you over a year-ago. Or some other processes. Does not necessarily mean three people is my understanding or maybe you can show where it says "three people?"

Mr. Pasion: It is covered in the independent review.

Ms. Yukimura: Can you show me?

Mr. Rapozo: Let us send it over. Mr. Bynum and Mr. Kagawa both addressed that issue and let us move on to new questions.

Ms. Yukimura: My question are there no other ways that you can satisfy the internal...what did you call it?

Mr. Pasion: Independent review.

Ms. Yukimura: Independent review.

Mr. Pasion: An uninvolved auditor has to be reviewing what the auditor and myself are working on.

Ms. Yukimura: I know that is one way to do an internal review, but my understanding is that you do not need three people. For example, we have a really tight budget, that could you actually could it with two people and some internal procedures.

Mr. Pasion: Maui, if you look at Maui's Charter, they did not include the government auditing standards and they can operate with two. They are in the process of hiring a third one, because even though they did not have it like that, they would like to follow the government auditing standards.

Ms. Yukimura: You just said that Maui incorporated the standards in their Charter?

Mr. Pasion: No, they are not incorporated in their Charter. The government auditing standards are not incorporated in their Charter. The auditor can hire Special Counsel too.

Ms. Yukimura: So we do not have the auditing standards in our Charter either.

Mr. Pasion: Yes we do.

Ms. Yukimura: We have reference to it.

Mr. Pasion: We do.

Ms. Yukimura: Okay.

Mr. Pasion: We have to conform to it.

Ms. Yukimura: Right. I think we applauded you when you adopted the auditing manual.

Mr. Pasion: It is passed by peer-review.

Ms. Yukimura: If you could just refer us to the chapter that requires three people, that would be good, the provisions. I think that is all.

Mr. Rapozo: Councilmember Kagawa.

Mr. Kagawa: Thank you, Ernie. If I look at the Consultant Services line it stayed the same at \$225,000.

Mr. Pasion: That is for the CPA.

Mr. Kagawa: CPA.

Mr. Pasion: That last year, four years.

Mr. Kagawa: And the other account underneath is "Consultant Services?"

Mr. Pasion: Yes.

Mr. Kagawa: In this current fiscal \$155,000 and for next year the Mayor approved \$40,000 additional.

Mr. Pasion: That was the same amount cut by Council in addition to his dollar-funding of one position last year. So we are restoring the \$40,000. The reason that we have that...like I said, when you start a performance audit, you do not know...even though you have a contract, for example, you do not know how much it will cost you when they go in and look at what is going on and say, my gosh we have other findings that need to be investigated. Then you are exposed to more expenses. I am using it like contingencies.

Mr. Kagawa: Are you comfortable with \$195,000?

Mr. Pasion: A while ago you talked about auditing the County Attorney...that would not be enough.

Mr. Rapozo: The Chair had asked if the Council wants to do a resolution to initiate it or have the Auditor's Office, it would have to be accompanied by a money bill. So I think what Mr. Kagawa is asking, is just not new audits, but what you have?

Mr. Kagawa: That is correct. I mean, I know the perception is that the Mayor is cutting and cutting your budget and not letting you do your job, but in this account I see he gave you \$40,000 more so that tells me that he supports you getting your audits done in that area. He could have cut it back to what it was last year. But he left that in. Like I said, Ernie, if we can get and it does not have to be right now. But I think you mentioned for the additional three months, if we could fund that back in, I want to know how long are these two individuals going to need for training? Then what more as in how much more percent of those audits can be benefited by getting those workers on three months ahead? I think if we get that kind of justification, it would be easier to support instead of just saying well that it is three months' more of training. It is too broad.

Mr. Pasion: It depends on the quality of people applying for those positions.

Mr. Kagawa: True.

Mr. Pasion: Maybe they do not need that much training. Like I said, we failed to do...it took us six months to hire somebody and we tried our best. So next time we are going to...not to find out that the orientation of the person was more of the financial auditor than performance auditor and this time we are going for performance audit background.

Mr. Kagawa: I understand, Ernie. I really feel strongly that it is up to Personnel and your job description to hire two people that can really boost the efficiency and work. Because in the end, what you are talking about for the Auditor Manager is \$100,000 a year job and there are a lot of people who have good qualifications that could really help you at that salary. As far as the Internal Staff Auditor, that position is in excess of \$80,000 a year. I think you can find a really good CPA who may be interested. Because being in a CPA role I was there. It is not a 40-hour a week job like the State and county. So I think you can find it. You know, I want to help you, but just give us that justification and for me, I will have an easier time supporting it if you can say how much more the County gets for bringing them in three months earlier. Thank you.

Mr. Rapozo: Ernie, I have a question on the \$225,000 for the County financial audit. What was it you said? If you could say that one more time?

Mr. Pasion: I remember the first time we took over this Office and we had to submit a money bill because when you are in the last year of a contract to get a new auditor on board, you have to do a certification of funds.

Mr. Rapozo: Right.

Mr. Pasion: Funds have to be available to do a contract. At the time we were not aware of that.

Mr. Rapozo: Right.

Mr. Pasion: So we had to submit a money bill. So now cognizant of that, what happened in the past, we wanted...we added \$225,000 in addition, to the \$225,000 for last fiscal year's financial audit. Because of the budget crunch the Administration was looking for moneys to cut and they...I volunteered to take it out, because I said well the Charter does not require us to do annuals. They can also be biennial but because of the fact that we do single audit, we get grants from the government and we also issue bonds. We float bonds and the bondholders that would like to make sure that our books are audited. They said that they have to have annual audits. But they said they will help us get that contract with the proviso that the money will be available in the next Fiscal Year of 2016.

Mr. Rapozo: So \$225,000 goes to pay this last audit?

Mr. Pasion: Right.

Mr. Rapozo: We need another \$225,000?

Mr. Pasion: Right.

Mr. Rapozo: To be certified before you can go out?

Mr. Pasion: That was my...what I planned to do.

Mr. Rapozo: Okay.

Mr. Pasion: But the Administration they needed the \$225,000 for something else.

Mr. Rapozo: So the \$225,000 that we are showing in the budget right now is for?

Mr. Pasion: For the fourth year of a four-year contract?

Mr. Rapozo: Next year's audit?

Mr. Pasion: Fiscal Year ending June 30, 2014.

Mr. Rapozo: So that is the final year of that contract?

Mr. Pasion: Yes.

Mr. Rapozo: That is what this \$225,000 is for?

Mr. Pasion: Yes.

Mr. Rapozo: When you go out to bid for next year, another four-year contract?

Mr. Pasion: Could be four or five-years.

Mr. Rapozo: We need to have that money certified before you go out?

Mr. Pasion: That is the process we followed the last time and we were told that they can help us do that process and with the proviso that we tell the prospective bidders that the money would be available the following year.

Mr. Rapozo: Okay. Got it. Any more questions of Mr. Pasion?
JoAnn.

Ms. Yukimura: So do you know that figure on page 159 of your budget? You have \$195,000 for "other professionals."

Mr. Pasion: Yes.

Ms. Yukimura: So you could use that for any contract hire that you want that would help you with any of the audits you are going to do, right?

Mr. Pasion: That is correct.

Ms. Yukimura: You are saying that is not enough?

Mr. Pasion: No I am not saying that is not enough. I said it is not enough if, Councilmember Kagawa says we would like do an audit of the County Attorney's Special Counsel.

Ms. Yukimura: We were just talking about...we understand as Councilmember Rapozo pointed out, that if we add any additional audit responsibilities on you through a resolution process, we have to give you the money to do it.

Mr. Pasion: That is correct.

Ms. Yukimura: So that is not in this picture right now. So right now given what you plan for this coming year, this \$195,000 is sufficient?

Mr. Pasion: Yes.

Ms. Yukimura: Okay. Thank you.

Mr. Pasion: You are welcome.

Mr. Rapozo: Thank you. Any more questions? If not, thank you very much, Ernie. I just have a couple of comments. You know, I hear a lot about the Auditor's Office only did this many audits. The reality is that this Council prior to the Auditor's Office had \$400,000 a year for performance audits and since I have been here, we never did any. We did the Kilauea Gym. I think that is what the Council did. To say that the Auditor's Office only did two, only did three, what did this Council do with \$400,000 and not just this Council, but the one before and the one before. I just want the public to understand that two or three audits, yes the price tag is high, but it is what it is. That is what it costs these days. For example, Public Works, let us use the Fire Station or a Building project. You cannot tell me there are no County workers and liaisons asking for what you need, because they all have them. Highly paid people act as liaisons between the Auditor and the County. If you are going to do a Special Counsel audit and I will tell you I will get with Mr. Kagawa after this meeting and we will introduce that resolution. You cannot expect a CPA to do that audit. I am an investigator by trade and many years' of experience, but I could not do that. A CPA could not do that because to dissect the bill of an attorney in a law firm, you need an attorney and you need to know what the different billings actually mean. So I think we have to give you credit for what you are trying to do and we have not given you the resources. We have not given you the resources and unexpected retirements, that kind of stuff puts a damper. The other thing is that the whole purpose of setting up the Legislative Audit Division or Department was so that it would be independent. It has to be independent. I mean, I have a ton of audits I would like to see you do, but you are the Auditor. You give us the Audit Plan, and that is where it is going to go. I think we have to give you that. We have got to give you that authority to do so. It is not cheap. It is not cheap. But I think what...there is some difference of opinion as far as the audit or good audit or bad audit and I think they are good audits because I think they are complete. The people that you have hired and the people in your Office, I think have done a great job in the audits. But I just wanted to make sure that the public understands that it is not just anybody can go do an audit, an investigator just hires someone to do an audit. It is not that simple. You have to have expertise in the area that you are auditing, which requires you to have that special fund. I just want to make sure that we as a Council give you the tools that you need and then be judged based on what you request. In other words, you prove it to us that you can do the job, but we have to give you the tools. We have got to give you the tools. It is hard to go into the Super Bowl with eight players and the other team has eleven. You cannot do that. I just wanted to make those comments. So you understand that we appreciate. Any more questions? If not, who is next?

Mr. Chock: Chair, can we call up Ernie because I think it might be beneficial.

Mr. Rapozo: The other Ernie?

Mr. Chock:

Yes, Ernie Barreira.

ERNEST W. BARREIRA, Budget and Purchasing Director: Good afternoon Committee Chair Rapozo and Vice Chair Chock and Councilmembers, Ernie Barreira, Director of Procurement and Purchasing. I think for many months including today, early this morning and even in the earlier testimony just a little while ago, there has been rather inaccurate testimony submitted to deliberately mislead perhaps about assertions that it, the Office of the Auditor has somehow been treated unfairly or inconsistently as compared to other County Departments and Agencies especially in terms of the execution of the Fiscal Year 2014 budget. As part of that Fiscal Year 2014 budget execution, the Administration undertook two major budget reduction initiatives that cut across Departmental and Divisional lines, the end result was a reduction of the budget submitted to the Council. I will be submitting this in writing for the Council to review. To highlight a few of those to accentuate the fact...

Mr. Rapozo:

Sorry about that.

Mr. Barreira:

I would like to highlight without going through the expansive list of a few of the cuts that we had undertaken as part of that major and comprehensive budget reduction exercise. We cut \$1.7 million in Public Works General Funds as a budget reduction exercise. Another \$997,000 in the Department of Finance. The Police were asked to cut \$1.8 million...excuse me, \$1.6 million as part of that reduction exercise. Office of the Prosecuting Attorney, \$256,000. Office of the County Attorney, \$652,000. Solid Waste and Special Funds, \$2.4 million and even the Transportation Agency, \$2.5 million. The bottom line as I had repeated earlier is that a total budget reduction of \$9.6 million. That came over to the Council. The end result of that after the Council exercised its Charter authority to exercise and execute the budget was a full reduction of \$8.1 million after all adjustments were made. The Staff Internal Auditor position was dollar-funded as part of our budget 2014 reduction exercise. That is correct. Just as was the Deputy Prosecuting Attorney that was dollar-funded last year and as you are well aware ladies and gentlemen of the Council, continues to be dollar-funded in the proposed budget that we have submitted. These reductions were somewhat minimal as compared to the large reductions that occurred in totality. We have heard repeatedly throughout the course of testimony that has occurred over the past several months and today that the Auditor's budget cut in Fiscal Year 2014 amounted to 32%. That is incorrect. The actual total reduction including all Administrative and Council reductions totaled \$178,000 from a \$1.2 million budget. That includes a 14.7% reduction, nowhere near the 32% figure that has been recklessly conveyed. The Office of the County Auditor and there has been discussion I think Councilmember Chock who had asked about the liquidity. I think Councilmember Yukimura as well. We believe that there was adequate liquidity in the 2014 budget for the operation to fully fund and hire Staff Internal Auditor by simply reallocating funds within the existing appropriation and conducting the appropriate budget adjustments that are done as normal course when a position is dollar-funded. We also...further evidence of this also is that based on the Comprehensive Annual Financial Report which is overseen by our Auditor himself, the Auditor lapsed in Fiscal Year 2013, \$611,000, to be specific, \$611,595 and, in fact between Fiscal Year 2010 and Fiscal Year 2014, the Council should be aware based on our review of the Comprehensive Annual Financial Report the Auditor lapsed a total of \$1.6 million based on funds requested and appropriated as compared to funds expended. That basically means there was a high lapse ratio and there was a range of about 35-55% of funds that were budgeted for, but not expended. As has been pointed out earlier and I think perhaps Vice Chair Chock may want

me to address that, the August 1st, 2013 the Audit Manager position was, in fact, vacated. It is a high-paid and high-ranking position and I find it somewhat disingenuous to allocate that responsibility to the Administration from the time period of now, now in the 4th quarter of the Fiscal Year there has been no effort to fill that position and based on liquidity in the budget we feel strongly both could have been filled. Let me just point out quickly that as the Council is well aware, the Office of Auditor as defined by the Charter falls under the purview of the Legislative Branch of government and the Administration does not have authority for appropriations or lack of appropriations. Our responsibility is to submit a proposed balanced budget and the Council has the authority do with it as it sees fit based on its own set of circumstances, priorities, and requirements. We did that last year, submitting a balanced budget and the Council had the right to reinstate the position dollar-funded the Audit position, but the Council made a prudent decision in collaboration and consideration to keep that position dollar-funded. We believe that that was appropriate based on fiscal responsibility and the numerous challenges that we faced to balance that very challenging budget. Those are the few comments that I would want to make today. Mr. Chair, I appreciate the opportunity.

Mr. Rapozo: Thank you. Question?

Mr. Bynum: Thank you very much. You said given the lapses that with that the Auditor could have filled both positions? Did I hear that correctly?

Mr. Barreira: Yes, sir.

Mr. Bynum: As other Departments have done. So his position was dollar-funded, but the position was not removed and if there were sufficient funds he had the authority to hire both positions if he chose?

Mr. Barreira: That is correct, sir so long as resources could be found within the existing appropriation.

Mr. Bynum: The only question I asked of the Auditor was about those positions and you made similar comments and I want to note that I never discussed that issued or that he had not moved to fill it, because I think your analysis is correct. How this came down. You know, the Council supported keeping that position dollar-funded last year. But we also supported keeping the other position active, right? Thank you.

Mr. Rapozo: The Auditor transferred the funds out though from the salary fund to the special...?

STEVEN A. HUNT, Director of Finance: I believe in Fiscal Year 2014 the Auditor mentioned he transferred out the remaining balance of salary and fringe tied to the funded position to go to pay for some of the Special Outside Counsel to do audits.

Mr. Rapozo: That is within his prerogative?

Mr. Hunt: Yes.

Mr. Rapozo: You transfer moneys out of his salaries to take care of other things?

Mr. Hunt: It was a choice to fill the position with the funds or move the funds out to get the job done.

Mr. Rapozo: Mr. Kagawa.

Mr. Kagawa: What is wrong with an Auditor who wants three additional months earlier, \$66,000, I think he is in a position that he wants his Office to do well. What is wrong with that?

Mr. Hunt: Again, I want to make things really clear. There has been reference to the "Mayor cutting the budget." This is the budget. The Budget Team is the one who looks at the numbers and we look at budget to actual and our goal from this body has been budget to actuals. So we made those cuts based on actuals and thinking there was sufficient funding to do his job. When we see additional funds going into the outside counsel, at Auditor's he could move that into salaries to cover those positions to fund those three additional months. Again, we believe there is sufficient funding within the budget, based on past lapse and I want to run through the last four years so everyone is aware this is coming from the CAFR, which is the Auditor's under his jurisdiction since is he doing the Comprehensive Annual Financial Report. In Fiscal Year 2013 they lapsed \$611,595 that is almost 60% over what they spent. The last CAFR prior to that in Fiscal Year 2012, the Office of the Auditor spent \$1,018,795 lapsed \$537,460. That is almost 53% over what they actually spent in lapse. In Fiscal Year 2011, they spent \$858,770 and lapsed \$304,963 which is about a 35.5% lapse and then in Fiscal Year 2010, which I believe is the first year, they had a budget of \$488,653 and they lapsed \$190,580. Over four fiscal years \$1,644,598 almost \$411,000 a year lapsed. So again, I believe there is sufficient funding and granted those budget amounts used to be much higher, so there was lapse...we have contracted that getting closer, this year's request in Fiscal Year 2015 was for \$1,213,695, and again, based on the most recent spending at \$1,025,827 we feel there was still some room to come down. The combination of having the six-month funding for both positions plus a little have for outside counsel gives the flexibility to use the funds for either outside or to put that into the positions to fully fund or to nine-month fund.

Mr. Kagawa: So basically in your summary you are saying that you believe that the Auditor has sufficient funds if he chooses to go ahead and hire for nine months?

Mr. Hunt: If he so chooses to reduce his special counsel or his outside consulting services.

Mr. Kagawa: Okay, there you go, Ernie. I think it would be fair of the Council if you do use that money to replenish that at a later point. But based on your past issue of spending they feel justified in making cuts that they made all over. I think they are basically giving you the green light to go ahead with that three-months additional. So I guess that is where we are. I know you wanted it clearer in your budget, but this may be an option for you. Thank you. Thank you, Chair.

Mr. Rapozo: Thank you, gentlemen. It would be interesting to see how that fares with the other Departments...not now. We can get how that fares with the other Departments within the County. But I have to tell you, I would much rather have you lapse money than to overspend. That is just my opinion, doing half a million dollar money bills at the end because we spent too much. I agree that you have got to tighten them up. But again, Steve, with that salary adjustment line \$100,000 and spend

\$600,000 so far, in your Department, that was not caught in the budget and I think there is a lot of that around. I think we have to look Countywide and see where is the lapse? Because now you start wondering, where else is there fat in the County that we can cutoff? That is our function. That is our job at the Council level to find that stuff. Okay. With that we will take a caption break right now and come back with Elderly.

There being no objections, the Committee recessed at 3:18 p.m.

There being no objections, the Committee was called back to order at 3:25 p.m., and proceeded as follows:

Elderly Affairs:

Honorable Tim Bynum
Honorable Mason K. Chock, Sr.
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable Jay Furfaro, Council Chair (*excused at 3:33 p.m.*)

Excused: Honorable Gary L. Hooser
Honorable JoAnn A. Yukimura

LUDVINA K. TAKAHASHI, Executive on Aging: Good afternoon, Kealoha Takahashi, Executive with the Agency on Elderly Affairs. With me, I have my Accountant, Teresa Caries. Thank you for this opportunity. I just wanted to reiterate our mission the Agency on Elderly Affairs, we as the designated lead County agency, plans, implements, supports, and advocates for the well-being of Kaua'i's older adults; and serves as a one stop source of information on long-term care support options and services for all residents.

With that in mind, I wanted to go over some of the successes and achievements that we have been able to accomplish. Of course on the top is a program known as Better Choice, Better Health. It is a Chronic Disease Self-Management Program and this is developed by the Stanford University. The next achievement is the EnhanceFitness (EF), which is a low impact, strength training program that focuses on balance, strength, endurance, and flexibility. And this has been really popular. On page 2, you have a listing of our sites. We have nine (9) classes at seven (7) different sites. We serve a total of two hundred and twelve (112) participants and this is from a period of July 2012 to June 2013. The next significant program that you are familiar with is the RSVP Recognition Luncheon and this year what RSVP did...and the picture in my budget presentation is the members of the board who have been very supportive. This year...

Mr. Rapozo: Kealoha, you had a PowerPoint? Oh, okay, because you mentioned a picture.

Ms. Takahashi: Right here in the presentation. This year RSVP coordinated a collection of supplies for homeless veterans and the collection drive was overwhelming. We have fifty (50) kits. Actually, over a hundred (100) kits were made. The next significant program is our Older Americans Month. The theme last year was "Unleash the Power of Age," and the outstanding older Americans were Dr. Lucy Miller and William Neil Rapozo which is by the way, Teresa's grandfather.

On page 4 something that we initiated through not County funding but with grants was the Kaua'i Care Transition Program. We completed a Federal demonstration project known as the Hospital Discharge Planning Grant in conjunction with the Kaua'i Veterans Memorial Hospital in which we provided a Care Transition Intervention Program for a high risk patients who are being discharged from the hospital back to the home. These were patients that are sixty (60) years or older and that were admitted with one (1) or more diagnosis of severe cardiac and respiratory/pulmonary problems, sepsis and/or cellulitis. The outcome of the program was we were able to reduce the hospital readmissions. I think the readmission rate was reduced by forty-two point eight percent (42.8%) and I have also submitted a report for your information on the success and evaluation report – very

successful. Also, we were able to accomplish that Lito Asuncion is in charge of is doing the integrity of our client database to track and record accurate surface utilization and expenditure and produce client demographic data. We now routinely conduct validity and accuracy checks on client and service data elements and identify errors jointly with affected service providers. We are able to submit to the State a report annually. We are able to reduce ninety-eight percent (98%) of missing client data elements which is very significant as far as when we have to compare our data information with the rest of the State. Implementation of improved data collection procedures coupled with working closely with service providers have prompted timely submissions of required reports and I want to thank Lito, who is here in the audience. It was under his coordination that we was able to complete this.

Some of the challenges that we face is, as I noted here in my report, the Core Components and Criteria of a Fully Functional Aging and Disability Resource Center (ADRC) which include the following core components. I handed out a handout that describes which core components and what that means. Information, Referral and Awareness is one component. Second component talks about options Counseling and Assistance. Third is Streamlined Eligibility Determination for Public Programs. Fourth, Person-Centered Transition Support. Fifth, Consumer populations, Partnership and Stakeholder Involvement. Sixth, Quality Assurance and Continuous Improvement. These are the components that needed to become a successful or fully functional ADRC and so we work really hard into being able to accomplish that. Some of the problem areas that staff have been facing is core number 3 into the Streamline Eligibility Determination for Public Programs, they are using the interRAI-Home Care assessment tool which has been really...challenging for them because it takes anywhere from two (2) to three (3) hours to complete. Many of the comments that I have indicated here, some staff have encountered negative comments, "how can you subject a ninety-three (93) year old to an hour long interview?" And so staff is working really hard into narrowing that three (3) hour to a half and so it is a work in progress but they are doing magnificently. We have had support from our State executive office as far as training staff as to how to complete that in an efficient way.

Next is implementing our Management Information System (MIS) that will support the core operational functions of the Aging and Disability Resource Center has also been challenging. Staff need to also...is in charge of trying to mediate some of those issues with the rest of the State. He meets on a quarterly basis with the other County's into working to integrate of all Counties' database into one Statewide database. So, that is a work in progress. Of course I need to mention because of the dwindling Federal, State and County funding for services is a challenge and plan to seek other revenue streams and incorporate into a business plan. And so some of the plan improvements is to look at our Strategic Plan which we have been currently completed but need our advisory council approval before we present it to you and to the Mayor. We are also looking into doing a business plan and how to look at some of the services that staff provide and trying to see if we can receive reimbursements from insurance companies for the work that we do.

Goals and objectives, I have listed six (6) goals that I have highlighted. The first one is to develop Hawai'i Aging and Disability Resource Center to its fully functioning capacity and I have listed you the criteria of what that looks like. I have also listed some of the objectives. I want to turn to page 6 to highlight some of the outcomes that we were able to achieve. We are looking at...on our website we are able to have...during the period July 2012 to June 2013, two thousand four hundred and sixty-three (2,463) visits were made on our ADRC website. If you look at the short time that...in this current year from July 2013 to February 2014, we already have one thousand two hundred fifty-four (1,254) visits. Our

goal was to have at least a thousand and two hundred (1,200) visits to our website. From that website it normally generates referral process where the staff would then follow-up on their assessed needs of our clients. Our staff made six thousand eight hundred fifty-four (6,854) contacts. We served over a thousand three hundred eighty-five (1,385) older adults. I want to highlight in the middle where you have presently our Agency was awarded a hundred and twenty-five thousand dollars (\$125,000) contract to serve as the local kōkua, of the marketplace assisters. This is to conduct community outreach to the uninsured individuals for a health plan through the Hawai'i Health Connector's or what they call the Hii Ola Program. To date we are able to serve, up to February, we are able to serve a hundred and six (160) people. In March, there have been an increase because of the late delay and tomorrow will be the last final that they can apply for health insurance. Another note, AEA has engaged in a local public relations agency and a videographer to enhance its marketing and community outreach efforts to the Kaua'i community. We just received today a video of that completion, that project, and so we will be forwarding off to the Mayor for his approval and hopefully to post on our website and view through youtube as well. Goal number 2, enable older adults to remain in their own homes with a high quality of life for as long as possible through the provision of home and community-base services. Some of the outcomes as recorded here, if you look at the bottom of the page 7 regarding home and community-based services, AEA served a thousand one hundred fifty-three (1,153) older adults for the period of July 1, 2012 to June 30, 2013. This translates to a hundred and three thousand four hundred fifty-three (103,453) hours of home and community services including personal care, homemaker, adult day care, friendly visiting, telephone reassurance, legal assistance, case management, and elder abuse prevention. Seventeen thousand and twenty-nine (17,029) one-way trips, seventy-five thousand five hundred and ninety (75,590) meals, this is for home delivery meals and for congregate meals ten thousand five hundred and thirteen (10,513) meals. We are able to serve a total of a hundred and eighty-four (184) caregivers

Goal number 3 is to empower older adults to stay healthy using prevention and disease self-management strategies and stay active and socially engaged through volunteer opportunities. Again, I just want to reiterate for this past year, we served a hundred and seventy-five (175) elders who participated in that EnhanceFitness. We have three hundred fifty (350) older adults who are engaged in volunteer opportunities through RSVP. Some of the outcomes that are really significant and I wanted to thank publicly are our Certified EnhanceFitness instructors, they are doing a really wonderful job. We are so fortunate here on Kaua'i that we do have that resource. That is why our training classes are so popular with the seniors. Also, we conducted surveys which was sent to three hundred fifty-two (352) volunteers, thirty-two (32) volunteer stations, with a sixty-one percent to sixty-five percent (61% - 65%) return rate. Out of the hundred seventy-six (176) who responded, ninety-seven percent (97%) are satisfied with their volunteer assignment and would recommend RSVP to others. Eighty-five percent (85%) drive to their volunteer stations, and the primary reasons they stated were: 1) it made them feel good about themselves; 2) they see a need to help other people; 3) it opened them up to new experiences. So, out of the fifty (50) volunteer respondents, ninety-two percent (92%) indicated that they were significantly satisfied with RSVP volunteers. Eighty-three percent (83%) indicated that RSVP volunteers significantly helped their organization and they were able to serve more people. Seventy-five percent (75%) indicated that the volunteers significantly help their organization develop partnership in the community. So, I am really happy that both the volunteers and the stations are happy with the great work that the volunteers have been doing.

Goal number 4, manage funds and other resources efficiently and effectively, using person-centered planning, to target public funds to assist persons at risk of

institutionalization and impoverishment. It speaks specifically to the Kaua'i Care Transition Program that I mentioned earlier and you have the Kaua'i Care Transition Program Evaluation Report attached. Dr. Fenfang who did an evaluation will also be publishing in medical journals the evaluation reports, so we look forward to seeing that publication. The community living program was a three (3) year pilot program that began in September 2009 and this was support from the Administration on Aging grant rewarded to the State Executive Office on Aging. The first two (2) years, the pilot program was actually conducted, we had the coach that flew over from Kaua'i we had ten (10) families that were involved. This program, what happened was, the families would be given a voucher of x amount of dollars to help them with the care of their loved ones. That program also came to an end and I submitted the Community Living Evaluation Report that is attached. On page 10, the fifth goal is to ensure the rights of older people and prevent their abuse and neglect and exploitation. Our outcomes, we had two hundred and seventy-one (271) older adults who received one thousand five hundred eighty (1,580) hours of legal assistance services which included will/trust advice and counseling, power of attorney, settling landlord/tenant issues, and advanced health care directives. We also had a one-day workshop that was attended by three hundred (300) seniors and six (6) elder abuse prevention educational workshop throughout Kaua'i. We also had train-the-trainer workshop on elder abuse prevention for the eldercare network providers.

If you move on to page 12, it just shows the graph on some slight increases of course with the salaries and wages and operations we have asked for moneys. The sixty-seven thousand five hundred fifty-four (67,554) home delivered meals. We are fully staffed. We are able to hire the Community Service Worker and our Case Manager, which was the last. Everybody is on board and we are really excited. Thank you.

Mr. Rapozo: Thank you very much. Any questions? Mr. Bynum.

Mr. Bynum: Thank you very much for the presentation. The EnhanceFitness, it is still going and we are County funding it now?

Ms. Takahashi: Yes.

Mr. Bynum: And it has been successful.

Ms. Takahashi: It does have State funds as well, yes.

Mr. Bynum: And initially, I just remembered, we kept it going. It is still working out really good.

Ms. Takahashi: Yes.

Mr. Bynum: Three (3) years ago I was going to visit and attend the workshop...

Ms. Takahashi: The invitation is still open.

Mr. Bynum: ...and you are still waiting for me, right?

Ms. Takahashi: Yes.

Mr. Bynum: But I heard from the seniors who are involved and they are very happy with it. This Kaua'i Care Transition Program is wonderful and thanks for including the study, I read some of the Executive Study...will these serves continue now? Or was this a pilot and it is all done?

Ms. Takahashi: We are hoping to and that would be part of our business plan offering...

Mr. Bynum: Because it was highly successful and forty-two percent (42%) reduction and readmission, you know, the health company should fund this plan for you. It is going to save them money – the health insurance companies.

Ms. Takahashi: Exactly.

Mr. Bynum: I mean forty-two percent (42%) and just monitoring it. Our population is aging, right?

Ms. Takahashi: Yes.

Mr. Bynum: Have you done outlook to... I mean have you done that...about what our aging population is going to be over the next ten (10) years and how much the Agency needs to grow to meet those needs?

Ms. Takahashi: It is going to grow because you are looking at my age group, the baby boomers, are turning sixty (60), yes.

Mr. Bynum: I make sixty (60) this year.

Ms. Takahashi: So the next twenty (20) years or so you will be bombarded with a lot of seniors needing help in programs.

Mr. Bynum: I noticed that one of your goals was a strategic plan.

Ms. Takahashi: Yes.

Mr. Bynum: And so how do you move forward on that goal? Is there funding in here for that?

Ms. Takahashi: No. It is based on looking at operations as well as looking what we have the funding that we currently have to use to target our plans that we have going forward.

Mr. Bynum: And so we are the aging and disability resource center on Kaua'i.

Ms. Takahashi: Yes.

Mr. Bynum: The webpage, who manages it?

Ms. Takahashi: We do. We do the updates on the event calendar. Right now, it is under the State and they have a company that they source out.

Mr. Bynum: So, you do the Kaua'i based updates but the whole database where you search for needs and stuff is managed by the State?

Ms. Takahashi: It is managed by the State and they contract it out.

Mr. Bynum: I cannot thank you enough for the work you do. I absolutely love your agency and I think it needs to grow. We need to do a strategic plan to meet the needs of the community and I really encourage us collectively to look at resources on how we can hire a consultant to do a long range strategic plan for the agency because I think the needs will grow. Am I correct that Federal money have been difficult and tight but there is an intention to move more services as the population ages from the Federal government, correct?

Ms. Takahashi: Our funding has been status quo for the longest time. So, you are looking at other revenues with the Centers for Medicare Services, they have the money. So, it is looking at how we can strategically set ourselves up so we can see those reimbursements for that program.

Mr. Bynum: I have been in conferences lately where there were strong presences from the health industry wanting to work with communities on these kinds of preventive things.

Ms. Takahashi: Exactly.

Mr. Bynum: Has your agency explored Kaiser Foundation and these folks...I was at Windward Shopping Center and a Kaiser person says that we have all this money and we want to...

Ms. Takahashi: Exactly and that is where the nitch is that we need to get ourselves into...

Mr. Bynum: It is in the health industry and then preparing for this aging population.

Ms. Takahashi: Yes.

Mr. Bynum: You are on it, thank you very much.

Mr. Rapozo: Mr. Chock.

Mr. Chock: *Mahalo* for the wonderful work that you folks do. I can see all the community partnerships that you have created, the services are islandwide and disperse within the community. I had a similar question as Councilmember Bynum in terms of the strategic plan. Is there some sort of evaluation process that we might be able to look at that would help to clue in this body as to what the financial needs will be in order to serve the growing population within these programs because I do see it as a real big need. I am also happy that that last time you folks were here you talked about the meal on wheels program and the need that was lacking. You called us on it and it is in there, I see, would that be a part of the consultant services as well that is in your operating budget? I am looking at seventy-two thousand and this is the first page of the budget. It says consultant services at seventy-two thousand and I just wanted to confirm what that is?

Ms. Takahashi: Yes, that would be consultant services.

Mr. Chock: Okay. So, you contract out for the meals to be provided, is that correct?

Ms. Takahashi: Yes.

Mr. Chock: The only thing I recall being bought up was that there was some discussion about other partnerships that are in the community, farmers and so forth, that might be able to contribute to the types of food or...not, so much a request but just sharing of that comment because I think it is important that we collaborate with other farmers on the island that might be able to contribute.

Ms. Takahashi: My communications will address that when we do contract negotiation.

Mr. Chock: *Mahalo*. I also wanted to recognize that Councilmember Rapozo introduced a NACo health care plan, dental plan, that I thought were really key, you might want to continue to look at that in terms of needs and services.

Ms. Takahashi: Okay.

Mr. Chock: Other than that thank you for the presentation.

Mr. Rapozo: Mr. Kagawa:

Mr. Kagawa: Following up on the consultant services, so in 2012 you had two hundred and one thousand in there; 2013 we had a hundred and seventy-six, five; and in this year budget got cut by more than half to eighty-one thousand five, fifty-two. And in this new proposed budget for next year, we are asking for one, fifty-four, two, six, six. Are we returning closer to the amount of services that were given in 2013 or 2012 or is that just the price of the services that have gone up?

Ms. Takahashi: No. Going back to the original level of services that we were providing.

Mr. Kagawa: Excluding the weekend?

Ms. Takahashi: Yes.

Mr. Kagawa: So there is not enough for the weekends?

Ms. Takahashi: No.

Mr. Kagawa: And how much will the full return...how much additional we will need to return at least one (1) day of that weekend service?

Ms. Takahashi: I did not calculate that. I just in my correspondence, I just added the sixty-seven thousand would provide seven thousand six hundred sixty-two additional meals and this is six hundred thirty-eight meals per month. It does not include the weekend meals.

Mr. Kagawa: Okay. I guess we can do that in a follow-up because typically during the budget at the end of our decision making, we may have some moneys that Councilmembers get to add and that would be one that I may consider adding. As Councilmember Hooser said, there are people out there that is difficult for them to get to the store and what have you and they still do not want to go to the care home and I think expanding at least having maybe one (1) day of food on the weekend would be something that I could support. I will send a follow-up and see what that total is and if I get a chance to add something that would be something I would add. Thank you.

Mr. Rapozo: Thank you. Any other questions for Elderly? Mr. Chair.

Chair Furfaro: Thank you for filling in for me, Mr. Rapozo. First of all, congratulations on another great year. Your work is very much appreciated.

Ms. Takahashi: Thank you.

Chair Furfaro: You folks do a great job over there.

Ms. Takahashi: We have a great team. Thank you.

Chair Furfaro: Thank you for reflecting on them because you are as good as the people you surround yourself with – good point.

Ms. Takahashi: Exactly.

Chair Furfaro: Tomorrow we have Housing in front of us, do you get much feedback from our seniors about challenges in the housing market?

Ms. Takahashi: Not too much come to my level.

Chair Furfaro: I see.

Ms. Takahashi: If anything, it would be with the workers but they have not...in our meetings as the staff brought up any issues that they face so far.

Chair Furfaro: You are serving the seniors that are in the Līhu'e Theatre Housing Project.

Ms. Takahashi: We do.

Chair Furfaro: And how about some of the State Housing Project?

Ms. Takahashi: We do.

Chair Furfaro: Do you know through a sign-in, if you can identify those mixes for us?

Ms. Takahashi: Okay.

Chair Furfaro: Would you?

Ms. Takahashi: Of people that we are presently serving?

Chair Furfaro: Yes, presently serving. I just find that interesting as we come up with the Rice Camp Project, I would like to have that information.

Ms. Takahashi: Okay.

Chair Furfaro: I know Mr. Rapozo has been a champion on this but the meals on wheels for the last say three (3) years has been flat, has grown, has depleted, what is the reality on that grant money?

Ms. Takahashi: Grant?

Chair Furfaro: Has it stayed flat?

Ms. Takahashi: Pretty much. Yes, it has stayed flat.

Chair Furfaro: Do we get any narrative on the State or Feds on that?

Ms. Takahashi: What State has done is gone in for a supplemental funding from the State legislature every year and they were successful in getting additional funds. So, whatever they can throw away, we will be able to use some funds. We usually, in our... when we look at the services provided, we look at the high demand for services and it fluctuates throughout the year and so when we have those extras funding from the State, we do apply it as much as we can to fill in...

Chair Furfaro: I guess my question is, I guess I can ask our group to track any of those House bills that are going on about meals on wheels because it is not really final until the budget is finally approved.

Ms. Takahashi: Currently there is one that they are reviewing. I cannot remember the Bill number.

Chair Furfaro: We will look it up. But you do keep an eye on that?

Ms. Takahashi: Yes.

Chair Furfaro: Other than that, I just want to encourage you to do the great job you are doing and continue to do your best. Thank you very much.

Mr. Rapozo: Anymore questions for Elderly? If not, thank you very much.

There being no objections, the Committee recessed at 3:58 p.m.